

Snyderville Basin Water Reclamation District

Park City, Utah

Comprehensive Annual Financial Report

for the fiscal year ended December 31, 2006



Prepared by:
Administration Department

Michael D. Luers
General Manager

Debra Jensen-Sparks
Finance Manager

Comprehensive Annual Financial Report, December 31, 2006

Table of Contents

Introductory Section	Page
Letter of Transmittal	i - v
Board of Trustees	vi
Management	vii
District Organizational Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
Financial Section	
Report of Independent Certified Public Accountants	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements	
Statements of Net Assets	11 - 12
Statements of Revenues, Expenses and Changes in Net Assets	13
Statements of Cash Flows	14 - 15
Notes to the Basic Financial Statements	16 - 28
Required Supplementary Information	
Modified Approach for Eligible Infrastructure Assets	29 - 30
Other Supplemental Financial Information	
Schedule of Revenues and Other Sources and Expenditures and Other Uses	
Budget to Actual (Non-GAAP Budgetary Basis)	31
Impact Fee Analysis	32
Schedule of Historical Impact Fee Revenue and Expenditures	33
Schedule of Future Estimated Impact Fee Revenue and Expenditures	34
Statistical Section	
Statement of Net Assets 1997 - 2006	35
Changes in Net Assets 1997 - 2006	36
Operating Revenues 1997 - 2006	37
Non Operating Revenues 1997 - 2006	38
Operating Expenses by Department 1997 - 2006	39
Operating Expenses by Source 2000 - 2006	40
Principal Rate Payers	41
Summary of Impact Fee Revenue 1997 - 2006	42
User Fee and Impact Fee Rates 1997 - 2006	43
Schedule of Historical Interest Rates 1986 - 2006	44
Pledged Revenue Coverage	45
Schedule of Outstanding Debt	46
Ratios of Outstanding Debt by Type	47
Demographic Statistics - Summit County	48
Principal Employers	49
Full-time Equivalent Employee by Function 1997 - 2006	50
Operator Certification Status	51
Summary of Changes in Capital Assets	52
Summary of Flows and Capacity 2002 - 2006	53
Collection System Growth	54
Capital Asset Statistics by Function	55
Operating Indicators by Function	56
District Map	57



The Quality
of Our Water
Reflects the
Quality of Our
Community

Introductory Section



SNYDERVILLE BASIN

WATER RECLAMATION DISTRICT

2800 HOMESTEAD RD, PARK CITY, UT 84098

WWW.SBWRD.ORG

T 435-649-7993

F 435-649-8040

Letter of Transmittal

June 25, 2007

To the Board of Trustees, Ratepayers,
and Interested Parties:

The Comprehensive Annual Financial Report (CAFR) of the Snyderville Basin Water Reclamation District (the District) for the year ending December 31, 2006, is submitted herewith. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with the District management. We believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the District; that the report fairly presents the financial position of the District; and that all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial activities have been included.

The Snyderville Basin Water Reclamation District's financial statements have been audited by Osborne, Robbins and Buhler, P.L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Snyderville Basin Water Reclamation District's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity History

The reporting entity serves as the basis in preparing the CAFR.

The Snyderville Basin Water Reclamation District, Summit County, Utah, operates as an enterprise fund under Utah Code Annotated (UCA), Title 17A. Originally created by the Summit County Board of Commissioners, December 5, 1973, as the Snyderville Basin Sewer Improvement District, the District changed its name in 2001, to more accurately reflect the focus and objectives of its operations. The District provides wastewater collection and treatment services to western Summit County (Snyderville Basin) which includes Park City. To accomplish this purpose, the District has been upgrading and expanding its infrastructure every few years to ensure that these assets are maintained in proper working order, provide available capacity, and that they comply with all state and federal regulations. The District encompasses approximately 102 square miles with assets including a collection network comprised of approximately 251.5 miles of pipeline, two reclamation facilities, nine pump stations, operations buildings, and an administrative office building. The principal place of business and office of the District is in the administrative office building at 2800 Homestead Road, Park City, Summit County, Utah, which building is known and designated as the "District Office." The Board of Trustees is made up of four elected members from the general populace of the District and one member appointed by the Park City Municipal Corporation. The District is not a component unit of any other government.

The regular meetings of the Board of Trustees of the District are generally held on the third Monday of each month at 5:00 p.m. at the District office. The schedule of these meetings can be found on our website at www.sbwrld.org.

Mission Statement and Guiding Principles Our Mission:

The Snyderville Basin Water Reclamation District is committed to protect public health and the environment by developing, integrating, and implementing fiscally responsible solutions to wastewater, water reclamation and watershed protection issues.

Our Guiding Principals:

1. Provide, through proper planning, the capacity to meet current and future demand for wastewater services.
2. Provide for the proper maintenance and replacement of the District's infrastructure assets.
3. Provide professional and timely response to customer inquiries and service needs.
4. Operate with the goal of protecting and enhancing the ecological integrity of the watersheds within the District's boundaries.
5. Cooperate with all governmental and private entities that participate in the protection of local watersheds.
6. Maintain user fees at levels that fully cover the costs of operating and maintaining the system and maintain impact fees at levels that fully cover the capital costs of providing service to newly serviced areas.
7. Recognize that the most valuable asset of the District is its employees.
8. Promote and encourage the reclamation and reuse of wastewater.

Economic Outlook

The Snyderville Basin is located approximately 30 miles east of Salt Lake City, in the Wasatch Mountains, directly along Interstate 80. The District was created in the early 1970's because of a need to adequately serve the western Summit County and Park City area with wastewater services. Because of the rapid growth in the area since 1980, the District has frequently reviewed its growth projections and updated its planning documents. These planning reports have demonstrated the need and timing for construction of reclamation facility expansions and upgrades, solids management facilities, and numerous wastewater collection system improvements.

The District's *Capital Facilities Plan* was updated in 2006 in accordance with the Utah Impact Fees Act to ensure the District's long standing Capital Facilities Plan remains in compliance with Utah State Law and to properly plan for future service demands.

To meet the District's long-term treatment capacity needs, the District Board of Trustees adopted policies and objectives to maintain a consistent direction for future growth of the District. These include:

Engineering Concerns - Objectives

1. To design the collection system and treatment facilities to minimize maintenance and operational costs.
2. To minimize the amount of main line pumping.
3. To provide the most convenient sewer lines in public right of way whenever possible.
4. To reduce and minimize infiltration and inflow of surface and ground water.

Fiscal Concerns - Objectives

1. To avoid additional bonded indebtedness.
2. To avoid reliance on continued high growth levels for revenue.
3. To avoid expenditure of public funds for the benefit of private interests.
4. To avoid duplication of needed facilities.

Due to changing development conditions, increased environmental concerns, and more stringent discharge requirements, the District has regularly evaluated infrastructure needs including capacity, project costs, and scheduling. The District's *Capital Facilities Plan* addresses in detail the demand for additional facilities and recommends treatment facility, solids management, and wastewater collection system expansions and improvements to meet those demands. In addition, the *Plan* estimates construction schedules for new facilities based upon current growth projections; summarizes financial planning and financing policies; and evaluates the costs of the required improvements for each new customer of the District. The *Plan* also summarizes costs for additional issues such as water reuse and solids handling alternatives. A comprehensive revision of the *Capital Facilities Plan and Impact Fee Analysis* was completed in 2006. This revision outlines the calculation of each impact fee and key estimating assumptions, decisions, criteria and conclusions for the basis of the fee. It also provides an overview of impact fee administration and outlines the regulatory background governing the imposition of impact fees in Utah. This analysis recommends an impact fee schedule through 2009.

The District uses 320 gallons per day as the definition of a 1.0 Residential Equivalent (R.E.) which is currently used in rate calculations. In view of the logic supporting establishment of rates and fees based upon actual volume, planning documents and rate studies have utilized the R.E. definition in some form. Since wastewater flow is not metered, water usage during the winter season is used for rate calculations to eliminate water used for outside watering and other miscellaneous water usage that should not be included in wastewater flows.

The collection system currently delivers wastewater to the two reclamation facilities from the East Canyon and Silver Creek watersheds. Currently, the District has the capability of splitting all or any portion of the wastewater collected in Park City above the intersection of Highways 224 (Park Avenue) and 248 (Kearns Boulevard) between the two facilities.

State of Utah regulations require reclamation facility planning and design documents to show historical maximum monthly wastewater flows. For several years the District has recognized that influent flows during the spring may be high due to Infiltration/Inflow (I/I). Similarly, wastewater strength is low due to I/I. However, both

volume and strength of wastewater increase sufficiently during the ski season requiring the plants to be designed to treat these high-strength high-volume flows. Therefore, the District uses the maximum 30-day average wastewater influent flow during the ski season for design calculations.

Since the early 1990's the area served by the District has experienced tremendous growth, both in primary and secondary residential homes, as well as tourism. Various agencies estimate growth within the Snyderville Basin area based upon permanent population, visitor nights, primary and secondary homes, and increased employment opportunities. The most recent growth projections estimate the District will grow 81% by the year 2030. Because of this growth, the combined treatment facilities will need to have a combined capacity of 9.4 mgd. The *Capital Facility Plan* addresses the need for expansion of the facilities, and cash reserves are being set aside to fund a portion of this effort. The District services three world renowned ski resorts as well as numerous lodging facilities, restaurants and retail establishments.

Summit County is one of 29 counties in Utah, and ranked first in population increase in the 2000 census. It is not part of a Metropolitan Area. The county has experienced over a 100% percent increase in population from 1990 to 2000, more than doubling in size from 15,518 in 1990 to 36,283 in 2006. In the past several years, Summit County and the Park City area has ranked 1st in the state in per capita personal income.

There was a 2.2 percent increase in the number of residential equivalents (RE's) billed from 2005 to 2006. There has been a 59 percent increase in the number of billed RE's since 1995, when Salt Lake City was chosen to host the 2002 Winter Olympic Games. Three venues within the District boundaries played a major role in the Olympic Games during 2002.

Policies, Procedures and Fees

The Board of Trustees has established requirements for collection system development and construction through adoption of resolutions, policies, procedures, specifications, guidelines, and standards. These documents are available at the District office. Board of Trustee approval is required prior to design and construction of new wastewater facilities intended to become part of the collection system. As part of the approval, developers pay an application fee as well as a fee to the District for design review, construction inspection and general project coordination performed by the District.

It is the policy of the Board of Trustees of the District to charge equitable fees based on the services received and costs created by or attendant to the provision of wastewater service. These fees are uniformly determined and consider the revenue requirements and costs of the District. The fees include, but are not limited to: user fees, impact fees, annexation fees, application fees, engineering fees, legal fees, pretreatment fees, seepage disposal fees, and such fees as may be deemed necessary and prudent by the Board of Trustees. The monthly user rates for wastewater

service supplied within the boundaries of the District for the year ending December 31, 2006, are as follows:

1. All users are billed based on water usage when possible. In order to avoid inclusion of water used for outside irrigation in the computation and because the reclamation facilities are sized for peak months, the fee for these connections is based on winter water usage. Winter water usage is defined as the average monthly usage for the period of November through March of each year. The average is used to determine the fee for the next 12-month period beginning July 1 and ending June 30. Initial residential user billings are based upon one Residential Equivalent (1 R.E.) being equal to 5,700 gallons of water per month.
2. The monthly user fee is computed by multiplying the number of residential units or the residential equivalents, whichever is greater, times a service charge of \$17.60 per residential unit and/or residential equivalent, plus a volume charge of \$1.72 per 1,000 gallons of winter water usage.
3. User fees are charged beginning with the earlier of either a request for "Authorization to Use," or when the District becomes aware the unit or structure is occupied.

The District requires impact fees to be paid prior to the issuance of a building permit by the Summit County or Park City Building Department. The impact fee is a charge for reservation of wastewater capacity for residential, commercial, and industrial uses as defined in and expended in accordance with the *Capital Facilities Plan* and *Impact Fees Policy*. For the 2006 fiscal year end, each residential unit was charged:

\$1,809 for one living section
\$3,618 for two living sections
\$5,427 for three living sections
\$7,236 for four living sections
\$9,045 for five living sections
\$10,854 for six living sections, and an additional
1/3 RE (\$1,809) per living section in
excess of six living sections

A living section is defined as a bedroom and/or any space that has reasonable access to a bathroom with bathing facilities and is designed for, can be used for, or can be converted into sleeping space, and which includes a door that can be closed for privacy and a closet. The definition of a living section also includes each 500 square feet of unfinished basement space, excluding stairs, mechanical areas, and areas prohibited from being bedrooms by building codes, which are not otherwise identified for future intended use. In addition, each residential unit and/or residential equivalent is charged a one time administrative fee equal to 1 percent of the impact fee, with a minimum of \$100.

Approval to design and construct new facilities intended to become part of the existing wastewater collection and treatment system must be obtained from the Board of Trustees by acceptance of a *Line Extension Agreement*. An applicant must also deposit with the District an engineering services fee of \$750. An additional amount equal to 6 percent of the estimated value of the cost of construction of the proposed collection system improvements are also paid to the District to cover costs incurred relating to system design review, general project coordination and construction inspection of the proposed collection system improvements.

Major Initiatives

In 2003 the District completed construction of the state's first reclamation facility to chemically remove phosphorus. This was incorporated in the East Canyon Water Reclamation Facility, which has biological phosphorus removal. The system removes phosphorus from the wastewater down to approximately 0.1 parts per million.

The District treatment staff conducted seventeen plant tours for school groups, neighbors, and wastewater professionals during 2006. Both reclamation facilities are classified as Grade IV facilities by the State of Utah.

The District wastewater collection system is classified as a Grade III facility (serving a population of 15,001-50,000) by the State of Utah Department of Environmental Quality. State law requires system operators who make process/operational decisions for the system, to be certified at the level of the facility classification. The District wastewater system operators and supervisors are properly certified and receive appropriate training to maintain compliance with state law. System operators also receive training and certification in other areas specific to their work (i.e., Utah Department of Transportation sign placement, flagging, traffic control and safety).

As of 2006 year end, the District maintained a total of 251.5 miles of publicly owned wastewater lines (8 to 42 inches in diameter), 6,206 manholes, plus nine small to medium sized pump stations. The operation and maintenance of the wastewater collection system is assigned to a department manager with a full time staff of nine personnel.

Forty-nine miles (19%) of the collection system was cleaned in 2006. There were no mainline stoppages during the 2006 calendar year. The annual goal of the District is to have no stoppages in the collection system. We believe this goal can be achieved due to an ongoing preventative maintenance program and because the District maintains an engineering group consisting of professional staff which follows stringent policies and procedures for design, design review and construction. Increased effort in design, design review, and construction inspection helps minimize operational problems. The District also uses television inspections of the wastewater collection system to verify its condition. Also In 2006, 62.6 miles of the collection system was T.V. inspected. Also during the year, there was an increase of 3.6% in the miles of public wastewater lines maintained by the District.

As part of a state approved Industrial Pretreatment Program, staff identifies, locates and "permits" certain non-residential users of District wastewater facilities. These users are, or may be subject to, District imposed user discharge requirements established to protect the wastewater collection system, reclamation facilities, and system operators from harmful discharges. As reported to the EPA Region 8 and the State of Utah Department of Water Quality, in 2006, approximately 148 class IV industries were identified and a number of them inspected for compliance. In addition, one categorical industry and three significant users were inspected to verify compliance.

Financial Information

Internal Controls

In evaluating the District's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are in place to provide District management with reasonable assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the District's assets. These procedures are deemed adequate to provide a reasonable assurance against misappropriation or other unauthorized use of District assets.

Budgetary Controls

Annually, appropriation procedures are established to record the current year's fiscal requirements for each department in the District. The District chart of accounts is used to preserve a distinction between departments. It is designed to provide a uniform and orderly list from which each department can select accounts applicable to its own needs. Managers in each department play an active and important role in controlling expenditures to within the approved budget. A tentative budget, which shows actual revenues and expenditures for the last completed fiscal year, estimated total revenues and expenditures for the current year, and estimates for the next year, is adopted on or before the first regularly scheduled Board of Trustees meeting in November. A public hearing is scheduled for the December meeting, at which time the final budget is adopted by the Board of Trustees, by resolution, and is in effect for the ensuing budget year.

Cash Management

The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2006 the District invested its idle funds with the State of Utah, Public Treasurers Investment Fund. All cash is pooled in order to obtain the best interest rates and to insure that all temporarily idle cash is invested. State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. District funds are invested as required by State law. The District saw an average rate of return of 3.2 percent on investments during 2006.

Risk Management

The District carries liability insurance through an outside agency to cover commercial property; commercial equipment and vehicles; commercial boiler and machinery; public entity liability; and commercial crime. In addition, a public treasurer's bond is in force. The District actively implements various risk control and safety training techniques for District employees, along with independent potential risk evaluations from an outside safety engineer. In 2006, the District staff had no lost work time due to injuries.

Retirement Plan

The District contributes to the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System cost-sharing defined benefit pension plans administered by the Utah Retirement System(s). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

Plan members are required to contribute a percent of their covered salary to the respective systems to which they belong. Currently all contributions are funded by the District. In addition to the required 11.59 percent established by the State for 2006, the District contributes 3 percent of the members salary into a deferred compensation plan. The District will also match up to an additional 3 percent contribution by an employee. Neither the District or its employees contribute to social security.

Other Information**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Snyderville Basin Water Reclamation District for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Employees of the District captured four coveted statewide awards for excellence in the Water Environment Association of Utah. The District was awarded the sole 2006 Outstanding Safety Award and the 2006 Outstanding Wastewater Laboratory. In addition, one employee was awarded Outstanding Collection System Operator and the District's Laboratory Director was awarded the Laboratory Analyst Excellence Award.

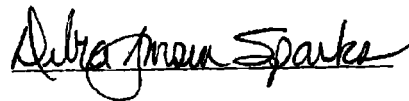
Acknowledgments:

The preparation of this report on a timely basis was made possible through the efficient and dedicated services of the management and staff of the District. We would like to express our appreciation to Osborne, Robbins and Buhler, P.L.L.C., Certified Public Accountants, for their guidance. We would like to thank the Board of Trustees for their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully submitted,



Michael D. Luers, General Manager
Treasurer



Debra Jensen-Sparks, Finance Manager
Clerk

Board of Trustees

Snyderville Basin Water Reclamation District, Utah

**2800 Homestead Road
Park City, Utah 84098**

**Board of Trustees
as of December 31, 2006**

Jan Wilking, Chair	Board member since the creation of the District in 1973 Term expires December 31, 2009 Elected as a Park City representative for the District
Bill Brown, Vice Chair	Board member since 2000 Term expires December 2007 Elected as a Park City representative for the District
Jerry Gibbs	Board member since 2001 Term expires December 2009 Appointed by the Park City Council
Mary Ann Pack	Board member since 1998 Term expires December 2009 Elected as a Summit County representative for the District
Doug Rosecrans	Board member since 2000 Term expires December 2007 Elected as a Summit County representative for the District

Management

Management

Michael D. Luers
General Manager - Treasurer

Managers

Michael Boyle
Operations Manager

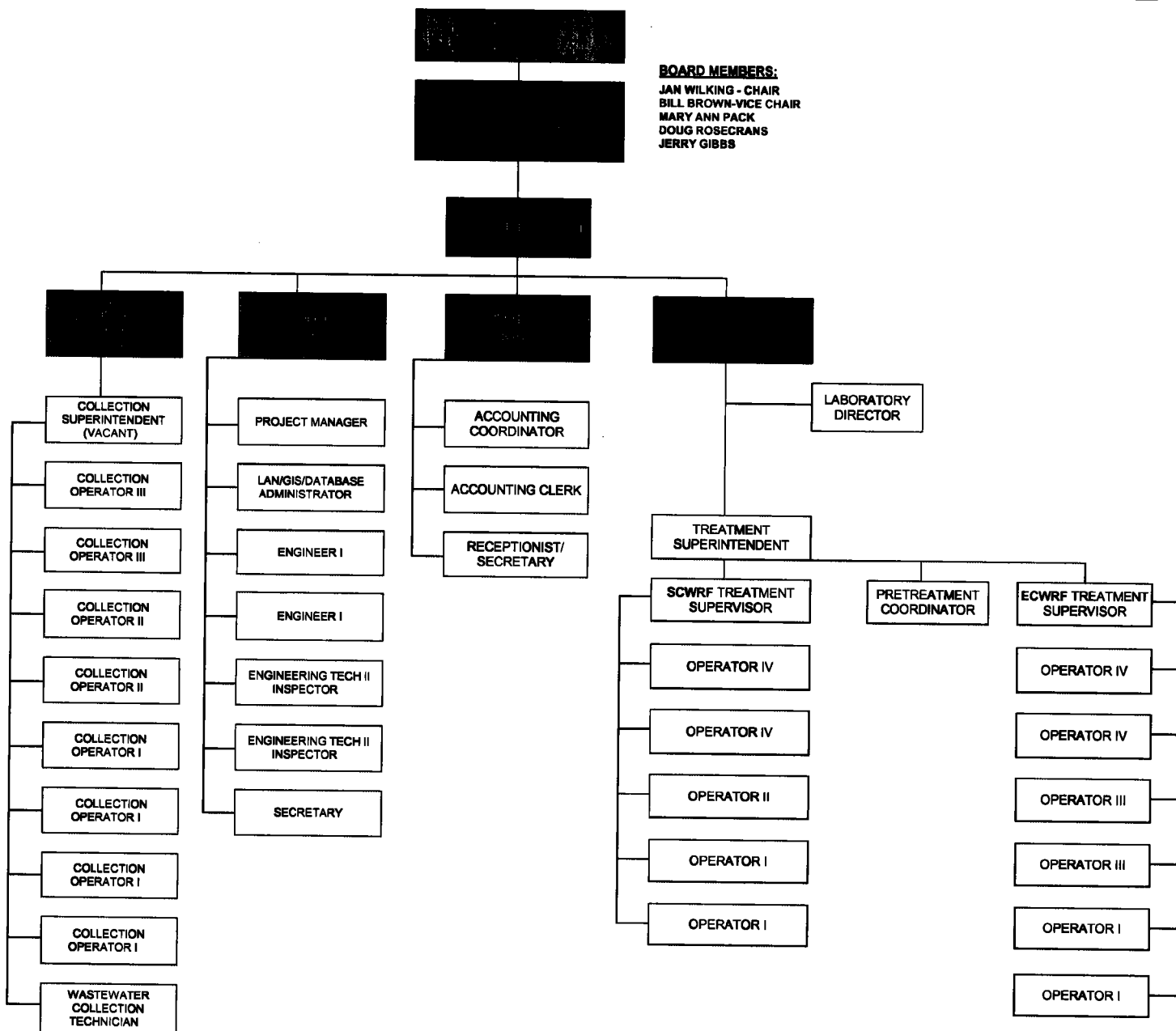
Roger Robinson
Collection System Manager

Debra Jensen-Sparks
Finance Manager - Clerk

Bryan Atwood
District Engineer

District Organizational Chart

BOARD MEMBERS:
 JAN WILKING - CHAIR
 BILL BROWN-VICE CHAIR
 MARY ANN PACK
 DOUG ROSECRANS
 JERRY GIBBS



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Snyderville Basin Water
Reclamation District
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Blum".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK



The Quality
of Our Water
Reflects the
Quality of Our
Community

Financial Section

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Snyderville Basin Water Reclamation District

We have audited the accompanying financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Snyderville Basin Water Reclamation District as of December 31, 2006 and 2005, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Modified Approach for Eligible Infrastructure Assets on pages 3 through 10 and 29 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The introductory section, other supplemental financial information and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental financial information on pages 31 and 32 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section, other supplemental financial information on pages 33 and 34, and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Osborne Robbins & Bahler PLLC

April 3, 2007

This section of the District's comprehensive annual financial report presents our analysis of the District's financial performance during the fiscal years that ended on December 31, 2006 and December 31, 2005, with comparative totals for December 31, 2004. Please read it in conjunction with the transmittal letter on page "i" and the financial statements which follow this section.

Comparative data presented in this analysis is related to changes occurring between 2005 and 2006, and 2004 and 2005.

- The District's net assets increased by \$7,686,787 as compared to the \$8,509,576 increase in 2005 (and \$8,813,497 in 2004). A large part of this increase (\$ 1,753,410 in 2006 and \$1,497,040 in 2005) is attributed to the addition of wastewater lines to the collection system and additional impact fee revenue. Impact Fees increased from \$5,569,334 in 2005 to \$5,648,525 in 2006.
- Operating revenues experienced an increase of 2% from \$5,997,997 in 2005 to \$6,098,325 in 2006 (and an increase of 12% from 2004 to 2005), and operating expenses increased by 20%, or \$983,116 from 2005 to 2006 (and increased by 7.3% from 2004 to 2005). The 2006 increase in operating expenses was attributable primarily to increases in repairs and maintenance due to the renewal and replacement of wastewater lines that were identified in the District's *GASB Statement 34 modified approach*, which increased by \$886,776 (228%).
- The District's total long-term obligations decreased during 2006 by a net of \$881,976 (and decreased from 2004 to 2005 by a net of \$698,010). This is attributable to the net effect of the normal reduction in principal balances from required debt service payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, the Statements of Cash Flows and the Notes to the Financial Statements. This report also contains additional required supplementary information on infrastructure assets and other supplementary information in addition to the basic financial statements themselves.

The financial statements of the District are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The *Statements of Net Assets* presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The *Statements of Cash Flows* presents information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

Financial Analysis of the District

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

As noted earlier, net assets may serve, over time, as a useful indicator of the District's financial position. At the close of 2006, the District's assets exceed liabilities by \$95,990,692.

By far, the largest portion of the District's net assets (87 percent in 2006 and 89 percent in 2005) reflects its investment in capital assets (e.g., land, buildings, wastewater reclamation facilities, solids handling and other improvements, and equipment), less related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the customers of the District; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (11 percent in 2006 and 8 percent in 2005) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,377,382 in 2006 and \$2,545,728 in 2005) may be used to meet the District's ongoing obligations to customers and creditors.

In 2006 there was an increase of \$2,938,129 in the District's restricted net assets. This resulted primarily due to the collection of impact fees which are identified for future projects (see page 34). In 2006 there was a slight decrease in unrestricted net assets of \$168,346.

TABLE A-1
Condensed Statement of Net Assets

	Fiscal Year 2006	Fiscal Year 2005	Dollar Change	Percent Change
Current and Other Assets	\$ 2,628,296	\$ 3,719,718	\$ 121,778	(29)%
Restricted Assets	11,587,337	8,568,802	1,755,506	35%
Capital Assets	88,281,850	84,222,614	4,109,065	5%
Total Assets	102,497,483	96,511,134	5,986,349	6%
Other Liabilities	2,792,571	3,250,475	(457,904)	(14)%
Long Term Obligations	3,714,220	4,965,754	(1,242,534)	(25)%
Total Liabilities	6,506,791	8,207,229	(1,700,438)	(21)%
Net Assets Invested in capital assets, net of related debt	83,312,630	78,395,626	4,917,004	6%
Net Assets Restricted for debt service	1,027,009	1,914,083	(887,074)	46%
Net Assets Restricted for capital improvements	9,273,671	5,448,468	3,825,203	70%
Net Assets Unrestricted	2,377,382	2,545,728	(168,346)	(7)%
Total Net Assets	95,990,692	88,303,905	7,686,787	9%
Total Liabilities and Net Assets	\$ 102,497,483	\$ 96,511,134	\$ 5,986,349	6%

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

TABLE A-1 (continued)

	Fiscal Year 2005	Fiscal Year 2004	Dollar Change	Percent Change
Current and Other Assets	\$ 3,719,718	\$ 2,961,988	\$ 757,730	26%
Restricted Assets	8,568,802	13,330,192	(4,761,390)	(36)%
Capital Assets	84,222,614	71,184,979	13,037,635	18%
Total Assets	96,511,134	87,477,159	9,033,975	10%
Other Liabilities	3,250,475	1,847,292	1,403,183	76%
Long Term Obligations	4,956,754	5,835,538	(878,784)	(15)%
Total Liabilities	8,207,229	7,682,830	524,399	7%
Net Assets Invested in capital assets, net of related debt	78,395,626	64,656,808	13,738,818	21%
Net Assets Restricted for debt service	1,914,083	1,654,596	259,487	16%
Net Assets Restricted for capital improvements	5,448,468	11,105,482	(5,657,014)	(51)%
Net Assets Unrestricted	2,545,728	2,377,443	168,285	7%
Total Net Assets	88,303,905	79,794,329	8,509,576	11%
Total Liabilities and Net Assets	\$ 96,511,134	\$ 87,477,159	\$ 9,033,975	10%

As can be seen from the table above, total assets increased \$5.9 million to \$102.5 million in 2006, up from \$96.5 million in 2005 (and increased 10% from 2004 to 2005).

In 2006, the District's operating revenues increased by 2% (see Table A-2), from \$5,997,997 in 2005 to \$6,098,325 in 2006, compared to a 12% increase in 2005. Non-operating revenues and expenses decreased by \$196,371 in 2006. Total operating expenses increased by \$983,116 from \$5,021,588 in 2005 to \$6,004,704 in 2006, and increased by \$340,721 from 2004 to 2005. Key factors driving these results include:

- Operating revenue associated with user fees showed an increase due to a 3.3% rate increase implemented at the first of the year. Nonoperating revenue decreased due to the loss on disposal of assets that was associated with the abandonment of the old East Canyon Trunkline.
- Operating expenses increased primarily with regards to an increase in renewal and replacement of collection system assets.

For the most part, except for renewal and replacement, increases in expenses closely paralleled inflation and growth in the demand for services. A cost of services study was performed in 2006, which resulted in the Board of Trustees approving a user fee rate increases in the amount of 8.5% in 2007 and annual increases of 5% through 2010. The District saw a 4 percent increase in its customer base during the year. The average number of sold residential equivalents (RE's) in the District since 1997 has been 740 per year. The number of sold RE's for 2006 was lower than the average at 629. The housing market slowed somewhat during 2006, as can be seen in the decrease in engineering fee revenue, and the slight increase in impact fee revenue, which can be attributed to a rate increase, and contributions from developers. Both contributions and impact fees have been leveling off. The philosophy of the Board of Trustees of the District has always been for new development to pay its own way. The District projects growth to be approximately 3.5% over the next several years, and then slowing to approximately 2.5% through 2020. Summit County has been one of the fastest growing counties in the State for the past several years. Because of this, impact fees and the investment income derived from these fees, have been the major source of revenue for capacity expansion. This should continue, albeit at a slower rate, as outlined in the 2006 *Impact Fee Analysis and New Development Capital Facilities Plan*. Investment income increased 5% over 2005, primarily due to the rise in interest rates. The District saw an average rate of return on investments decrease from 6.5 percent at the beginning of 2001 to 4.9 percent at the end of 2006. The average rate of return for 2004 was 1.7% and 2005 was 3.2%.

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

TABLE A-2
Revenues, Expenses Changes in Net Assets

	Fiscal Year 2006	Fiscal Year 2005	Dollar Change	Percent Change
Operating Revenues				
User Fees	\$ 5,789,615	\$ 5,514,927	\$ 274,688	5%
Engineering Fees	277,200	449,905	(172,705)	(38)%
Other Operating Revenue	31,510	33,165	(1,655)	(5)%
Total Operating Revenues	6,098,325	5,997,997	100,328	2%
Nonoperating revenues				
Impact Fees	5,648,525	5,569,334	79,191	1%
Investment Income	504,837	480,541	24,296	5%
Other Non-Operating Revenue	70,462	102,965	(32,503)	(32)%
Gain (loss) on disposal of property	(284,411)	2,583	(286,974)	-
Total Nonoperating Revenues	5,939,413	6,155,403	(215,990)	(4)%
Total Revenue	\$ 12,037,738	\$ 12,153,400	\$ (115,662)	(1)%
Operating Expenses				
Wages and benefits	3,219,120	3,092,602	126,518	4%
Supplies	364,770	429,908	(65,138)	(15)%
Contractual services	165,119	138,667	26,452	19%
Utilities	424,085	402,023	22,062	5%
Repairs and maintenance	1,275,327	388,571	886,756	228%
Administration	196,898	200,897	(3,999)	(2)%
Miscellaneous	59,921	54,148	5,773	11%
Dep'n and amortization	299,464	314,772	(15,308)	(5)%
Total Operating Expenses	6,004,704	5,021,588	983,116	20%
Nonoperating expenses				
Interest expense	99,657	119,276	(19,619)	(16)%
Total Nonoperating expenses	99,657	119,276	(19,619)	
Total Expenses	\$ 6,104,361	\$ 5,140,864	\$ 963,467	19%
Income before contributions	5,933,377	7,012,536		
Contributions	1,753,410	1,497,040		
Increase in net assets	7,686,787	8,509,576		
Net assets at beginning of year	88,303,905	79,794,329		
Net assets at end of year	\$ 95,990,692	\$ 88,303,905		

	Fiscal Year 2005	Fiscal Year 2004	Dollar Change	Percent Change
Operating Revenues				
User Fees	\$ 5,514,927	\$ 5,188,123	\$ 326,804	6%
Engineering Fees	449,905	131,438	318,467	242%
Other Operating Revenue	33,165	28,305	4,860	17%
Total Operating Revenues	5,997,997	5,347,866	650,131	12%
Nonoperating revenues				
Impact Fees	5,569,334	3,749,435	1,819,899	49%
Investment Income	480,541	254,033	226,508	89%
Other Non-Operating Revenue	102,965	102,965	0	0%
Gain (loss) on disposal of property	2,563	(38)	2,601	(6,845)%
Total Nonoperating Revenues	6,155,403	4,106,395	2,049,008	50%
Total Revenue	\$ 12,153,400	\$ 9,454,261	\$ 2,699,139	29%

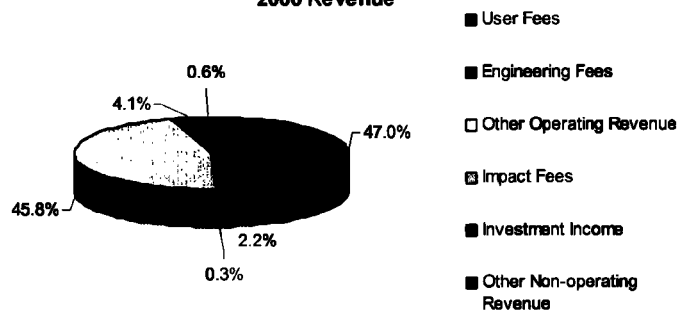
Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

Operating Expenses				
Wages and benefits	3,092,602	3,014,637	77,965	3%
Supplies	429,908	396,254	33,654	8%
Contractual services	138,667	128,022	10,645	8%
Utilities	402,023	297,390	104,633	35%
Repairs and maintenance	388,571	305,466	83,105	27%
Administration	200,897	275,524	25,373	14%
Miscellaneous	54,148	46,902	7,246	15%
Dep'n and amortization	314,772	316,671	(1,899)	(1)%
Total Operating Expenses	5,021,588	4,680,867	340,721	7%
Nonoperating expenses				
Interest expense	119,276	138,024	(18,748)	(14)%
Total Nonoperating expenses	119,276	\$ 138,024	\$ (18,748)	
Total Expenses	\$ 5,140,864	\$ 4,818,891		
Income before contributions	7,012,536	4,635,370		
Contributions	1,497,040	4,178,127		
Increase in net assets	8,509,576	8,813,497		
Net assets at beginning of year	79,794,329	70,980,832		
Net assets at end of year	\$ 88,303,905	\$ 79,794,329		

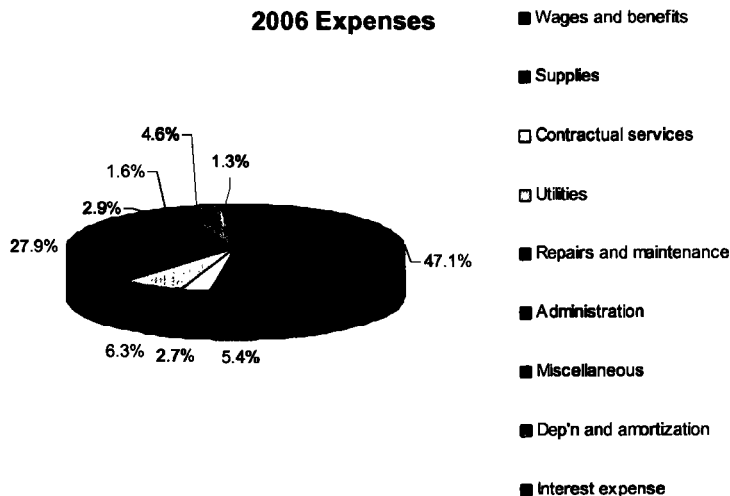
2006 Revenue by Source

User Fees 47%
Engineering Fees 2.2%
Other Operating Revenue .3%
Impact Fees 45.8%
Investment Income 4.1%
Other Non-operating Revenue .6%

2006 Revenue



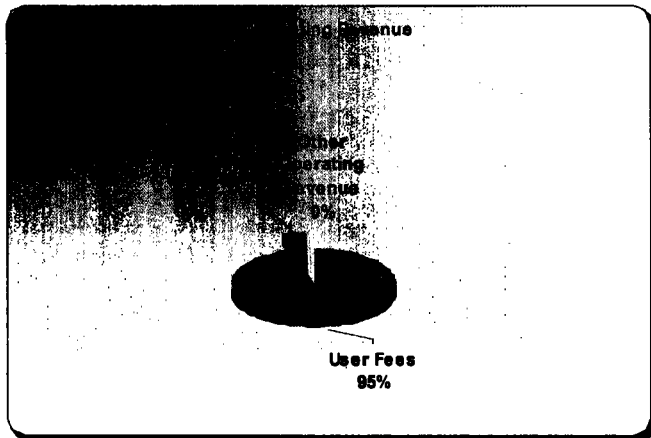
2006 Expenses



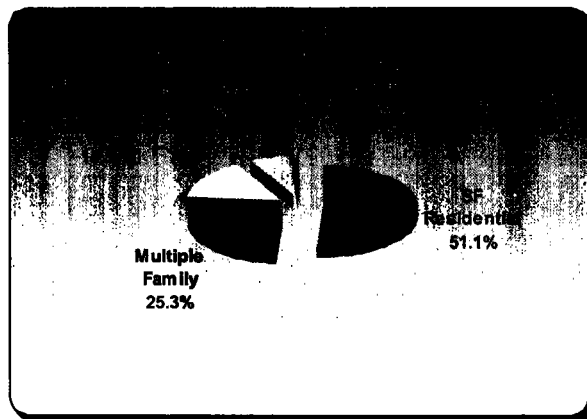
2006 Operating Expenses by Source

Wages and benefits 47.1%
Supplies 5.4%
Contractual services 2.7%
Utilities 6.3%
Repairs and maintenance 27.9%
Administration 2.9%
Miscellaneous 1.6%
Dep'n & Amortization 4.6%
Interest Expense 1.3%

Operating Revenue



User Fee Revenue by Customer Class



Capital Assets and Debt Administration

At the end of 2006 there was \$107.9 million invested in a range of capital assets including land, buildings, water reclamation facilities, solids handling and other improvements, collection systems and equipment, as shown in Table A-3. This represents a net increase of 2.5 percent over 2005, and a 14 percent increase from 2004 to 2005.

TABLE A-3
Property and Equipment at Cost

	FY 2006	FY 2005	Dollar Change
Land	\$ 717,185	\$ 717,185	\$ -
Buildings	1,964,545	1,890,956	73,589
Water Reclamation Facilities	37,798,555	37,389,718	408,837
Solids Handling & Other Improvements	3,009,359	2,939,335	70,024
Collection System	48,544,390	48,135,770	408,620
Machinery & Equipment	1,922,755	1,830,714	92,041
Construction in Progress	14,002,429	11,867,808	2,134,621
Subtotal	\$ 107,959,218	\$ 104,771,486	\$ 2,565,539

	FY 2005	FY 2004	Dollar Change
Land	\$ 717,185	\$ 717,185	\$ -
Buildings	1,890,956	1,882,690	8,266
Water Reclamation Facilities	37,389,718	37,203,762	185,956
Solids Handling & Other Improvements	2,939,335	2,846,672	92,663
Collection System	46,135,770	46,638,731	1,497,039
Machinery & Equipment	1,830,714	1,677,235	153,479
Construction in Progress	11,867,808	548,193	11,319,615
Subtotal	\$ 104,771,486	\$ 91,514,468	\$ 13,257,018

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

In response to population growth, in 2005 the District started construction of the \$14.4 million East Canyon Relief Trunkline Project, to replace the existing trunkline which is nearing its design capacity. This project is scheduled to be completed in early 2007. In 2006, the District continued to upgrade and replace existing wastewater lines in Old Town Park City and rehabilitate and replace two pump stations. These projects totaled \$1,112,160 in 2006.

The 2006 capital asset additions included:

- East Canyon Relief Trunkline Phase II \$2,089,732
- Developer contributions of sewer lines \$1,753,410
- Backup Emergency Generator \$408,837
- Vehicles and equipment \$115,951
- Other improvements \$146,911

Additional information on the District's capital assets can be found in Note F on page 23-24 of this report.

Modified Approach to Accounting for Infrastructure

Starting January 1, 2003, the District elected to use the *Modified Approach* to account for its collection and reclamation systems as defined by GASB Statement No. 34. The District manages these systems using GBA software management. The District's Asset Management Plan (AMP) defines a condition rating scale between 1 and 5, with 1 being very good and 5 being very poor. The target levels of service are a rating between 1 and 3. The reclamation facilities were assessed, and no deficiencies were found below the target level. Actual levels of service, for all but one of the line segments within the collection system in 2006 (198 line segments), were within target service levels. In addition, twenty-six line segments were identified by the ongoing television inspection efforts, that did not meet target service levels. Half of the deficient segments were replaced or repaired in 2006 and funds have been set aside in 2007 to complete these renewals. Eight of the nine pump stations were at or above the minimum service level. Funds totaling \$213,000 have been budgeted in 2007 to upgrade the identified and as yet to be identified deficiencies in these systems. In preparation for using this approach, since 2001, the District has budgeted funds for the purpose of replacement and renewal of deficiencies found during the assessment. Additional amounts will be set aside each year to fund unidentified deficiencies. More information about the modified approach can be found in the required supplementary information on pages 29 through 30 of this report.

Long Term Debt

At year-end, the District had \$5,118,301 in long term obligations outstanding (a decrease of 15 percent over 2005) as shown in Table A-4. No new debt was issued during the year.

TABLE A-4
Bonds (Outstanding at Year End)

	FY 2006	FY 2005	Dollar Change	Percent Change
Compensated Absences	\$ 170,497	\$ 173,289	\$ (2,792)	(2)%
1994 Revenue Bonds	1,125,000	1,250,000	(125,000)	(10)%
2000 Revenue Bonds	2,136,371	2,242,371	(406,000)	(16)%
2003 Revenue Bonds	1,686,433	2,034,617	(348,184)	(17)%
	<u>\$ 5,118,301</u>	<u>\$ 6,000,277</u>	<u>\$ (881,976)</u>	<u>(15)%</u>

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2006 and 2005

	FY 2005	FY 2004	Dollar Change	Percent Change
Compensated Absences	\$ 173,289	\$ 170,116	\$ 3,173	2%
1994 Revenue Bonds	1,250,000	1,375,000	(125,000)	(9)%
2000 Revenue Bonds	2,542,371	2,940,370	(397,999)	(14)%
2003 Revenue Bonds	2,034,617	2,212,801	(178,184)	8%
	<u>\$ 6,000,277</u>	<u>\$ 6,698,287</u>	<u>\$ (698,010)</u>	<u>(10)%</u>

Bond Rating

The 1994, 2000 and 2003 Revenue Bonds are privately placed state loans, where no bond rating was required or sought

As of December 31, 2006, the District had long-term obligations outstanding related to compensated absences due to employees of \$170,497 (\$173,289 in 2005).

Additional information on the District's Long-term Debt can be found in Note G on page 25-26 of this report.

Economic Factors

- Currently, the operating costs of the District are being covered by existing user fees. A cost of services study performed in 2006, which has been adopted by the Board of Trustees, recommended rate increases through 2010. This study is reviewed annually to assure that the needs of the District are being met.
- Summit County experienced a 3.4% in population growth during 2006, as compared to a statewide average of 3.2%. The Park City School District was the 6th fastest growing in the state at 3.7%. (Source: Utah Department of Workforce Services).
- Because of the high growth numbers in the Snyderville Basin, the District has been reviewing the design capacity of the two reclamation facilities that serve its customers. The 2006 *Impact Fee Analysis and Development Capital Facilities Plan* shows that both facilities will need to be upgraded with additional capacity within the next three years. The Silver Creek facility will also need to be upgraded to handle additional discharge restrictions imposed by permit regulations. Funds have been budgeted in 2007 for preliminary design of these projects.

Contacting The District's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Finance Manager at 2800 Homestead Road, Park City, Utah 84098, by phone at (435) 649-7993, extension 226, or e-mail at dispark@sbwr.org.

BASIC FINANCIAL STATEMENTS

Snyderville Basin Water Reclamation District
Statements of Net Assets
December 31,

	ASSETS	
	Business-type Activities	
	2006	2005
CURRENT ASSETS		
Cash and cash equivalents (Note B)	\$ 2,143,277	\$ 3,243,944
Accounts receivable, net of allowance for doubtful accounts of \$9,000 in 2006 and 2005	221,454	206,461
Inventory of supplies	160,034	115,039
Prepaid expenses	53,702	44,565
Current portion, restricted cash and cash equivalents (Notes B and D)	1,263,029	1,613,340
Total current assets	3,841,496	5,223,349
NONCURRENT ASSETS		
Restricted cash and cash equivalents (Notes B and D)	10,290,090	6,900,327
Restricted impact fee notes receivable (Note E)	34,218	55,135
Nondepreciable capital assets (Note F)	84,079,215	79,991,514
Depreciable capital assets, net (Note F)	4,202,635	4,231,100
Unamortized bond issue costs	49,829	59,709
Other	-	50,000
Total noncurrent assets	98,655,987	91,287,785
	<u>\$ 102,497,483</u>	<u>\$ 96,511,134</u>

See accompanying notes to the basic financial statements.

LIABILITIES AND NET ASSETS

	Business-type Activities	
	2006	2005
CURRENT LIABILITIES		
Accounts payable	\$ 264,631	\$ 254,434
Accrued liabilities	300,588	228,283
Accrued interest	51,361	65,910
Customer deposits	763,881	936,985
Current portion, compensated absences	149,081	151,523
Current liabilities payable from restricted assets		
Current maturities of long-term obligations (Note G)	1,255,000	892,000
Accounts payable	8,029	721,340
Total current liabilities	<u>2,792,571</u>	<u>3,250,475</u>
LONG-TERM OBLIGATIONS, less current maturities (Note G)	<u>3,714,220</u>	<u>4,956,754</u>
Total liabilities	<u>6,506,791</u>	<u>8,207,229</u>
NET ASSETS		
Invested in capital assets, net of related debt	83,312,630	78,395,626
Restricted for:		
Capital projects	9,273,671	5,448,468
Debt service	1,027,009	1,914,083
Unrestricted	<u>2,377,382</u>	<u>2,545,728</u>
Total net assets	<u>95,990,692</u>	<u>88,303,905</u>
	<u>\$ 102,497,483</u>	<u>\$ 96,511,134</u>

Snyderville Basin Water Reclamation District
Statements of Revenues, Expenses and Changes in Net Assets
Year Ended December 31,

	Business-type Activities	
	2006	2005
Operating revenues (pledged as security for revenue bonds)		
Sewer use fees	\$ 5,789,615	\$ 5,514,927
Engineering fees	277,200	449,905
Other operating revenues	31,510	33,165
Total operating revenues	6,098,325	5,997,997
Operating expenses		
Wages and benefits	3,219,120	3,092,602
Supplies	364,770	429,908
Contractual services	165,119	138,667
Utilities	424,085	402,023
Repairs and Maintenance	1,275,327	388,571
Administration	196,898	200,897
Miscellaneous	59,921	54,148
Depreciation and amortization	299,464	314,772
Total operating expenses	6,004,704	5,021,588
Operating income	93,621	976,409
Nonoperating revenues (expenses)		
Impact fees (pledged as security for revenue bonds)	5,648,525	5,569,334
Investment income	504,837	480,541
Other revenue	70,462	102,965
Interest expense	(99,657)	(119,276)
Gain (loss) on disposal of capital assets	(284,411)	2,563
Total nonoperating revenues (expenses)	5,839,756	6,036,127
Income before contributions	5,933,377	7,012,536
Capital contributions - assets	1,753,410	1,497,040
Increase in net assets	7,686,787	8,509,576
Net assets at beginning of year	88,303,905	79,794,329
Net assets at end of year	\$ 95,990,692	\$ 88,303,905

See accompanying notes to the basic financial statements.

Snyderville Basin Water Reclamation District
Statements of Cash Flows
Year Ended December 31,

	Business-type Activities	
	2006	2005
Cash flows from operating activities		
Receipts from customers	\$ 6,051,822	\$ 5,968,979
Payments to suppliers of goods and services	(3,168,318)	(867,232)
Payments to employees for services	(3,143,145)	(3,098,015)
Other payments	(173,104)	-
Other receipts	70,462	647,613
Net cash provided by (used in) operating activities	(362,283)	2,651,345
Cash flows from investing activities		
Interest income collected	504,837	480,541
Payments received on long-term receivables	20,917	133,154
Net cash provided by investing activities	525,754	613,695
Cash flows from capital and related financing activities		
Reduction of long-term obligations	(892,000)	(714,000)
Impact fees collected	5,648,525	5,569,334
Purchase and construction of capital assets	(2,879,821)	(11,851,969)
Proceeds from sale of capital assets	-	9,045
Interest payments made on long-term obligations	(101,390)	(125,574)
Net cash provided by (used in) capital and related financing activities	1,775,314	(7,113,164)
Net increase (decrease) in cash and cash equivalents	1,938,785	(3,848,124)
Cash and cash equivalents at beginning of year	11,757,611	15,605,735
Cash and cash equivalents at end of year	<u>\$ 13,696,396</u>	<u>\$ 11,757,611</u>
Cash and cash equivalents consists of :		
Unrestricted cash and cash equivalents	\$ 2,143,277	\$ 3,243,944
Current portion, restricted cash and cash equivalents	1,263,029	1,613,340
Noncurrent restricted cash and cash equivalents	10,290,090	6,900,327
	<u>\$ 13,696,396</u>	<u>\$ 11,757,611</u>

Continued

Snyderville Basin Water Reclamation District
Statements of Cash Flows - continued
Year Ended December 31,

	Business-type Activities	
	2006	2005
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ 93,621	\$ 976,409
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	299,464	314,772
Changes in assets and liabilities		
Accounts receivable	(14,993)	4,147
Inventory of supplies	(44,995)	6,545
Prepaid expenses	(9,137)	1,811
Other assets	50,000	-
Accounts payable	10,197	139,898
Accrued liabilities	72,305	(32,297)
Long-term portion compensated absences	(2,792)	3,173
Accounts payable from restricted assets	(713,311)	622,439
Deposits and other receipts	(102,642)	614,448
Net cash provided by (used in) operating activities	\$ (362,283)	\$ 2,651,345
Non-cash transactions affecting financial position:		
Contributions of capital assets from developers	\$ 1,753,410	\$ 1,497,040
Acquisition of capital assets through developer contributions	(1,753,410)	(1,497,040)
Net effect of non-cash transactions	\$ -	\$ -

See accompanying notes to the basic financial statements.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Snyderville Basin Water Reclamation District (the District) was established under the laws of the State of Utah in 1973 by resolution of the Board of County Commissioners of Summit County, Utah (the County). The District operates under the direction of an elected Board of Trustees. The purpose of the District is to acquire and operate a system for the collection, treatment, and reclamation of wastewater. The District includes parts of Summit and Wasatch Counties. Park City is within the District's boundaries.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting entity

The County does not impose will or have a financial benefit, burden or dependency relationship with the District and therefore, the District is not considered a component unit of the County. There are no entities that are component units of the District.

Basic Financial Statements and Basis of Accounting

The District is a government entity accounted for as an enterprise fund and categorized as a business-type activity. Operations are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The records of the District are maintained on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Nonoperating revenues and expenses are those related to capital and related financing, noncapital financing, or investing activities.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Budgetary Data

On an annual basis, the District prepares a tentative budget which is adopted on or before the first regularly scheduled meeting of the board of trustees in November. A public hearing is scheduled for the last meeting in November. The final budget is adopted by resolution at the first regularly scheduled board meeting in December.

The budget is adopted on a basis consistent with GAAP with the following exceptions:

- Bond principal retired is budgeted as nonoperating expenditures.
- Depreciation is not budgeted.
- Capital expenditures are budgeted as nonoperating expenditures.
- Proceeds from issuing long-term debt are budgeted as other sources.

Cash and Investments

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Capital assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. The District records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Beginning January 1, 2003, the District elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its wastewater collection and treatment system. The District performed a physical condition assessment of this system during 2003. Using this approach, the District capitalizes the cost of its collection and treatment system but does not report depreciation expense for those assets. Instead, the District reports all collection and treatment system expenditures as expenses in the period incurred unless those expenditures improve on the system's original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The District uses an asset management system to provide an up-to-date inventory of its assets, perform condition assessments on the system at least once every three years, and estimates an annual amount needed to maintain the system at a specified condition level. That asset management system is discussed in

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Capital assets - continued

detail in Required Supplementary Information, immediately following these notes.

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	35
Compost facility and improvements	20-35
Machinery and equipment	5-15

Bond issue costs

Bond issue costs are recorded as an asset and amortized over the life of the related bonds. Amortization is computed on the straight-line method, which approximates the effective interest method.

Inventories

Inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the District. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the District.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

The District's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the District at December 31, 2006 were \$511,545, \$485,070 of which (including outstanding checks) was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing

Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The District's investments at June 30, 2006 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer's Investment Fund	\$13,184,851	\$13,184,851	\$ -	\$ -	\$ -

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The District's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The District's rated debt investments are presented below:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$13,184,851	\$ -	\$ -	\$ -	\$13,184,851

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

All of the District's investments at June 30, 2006 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the District's investments at June 30, 2006 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE C – EXTERNAL INVESTMENT POOL

The District invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price) and then compare those values to come up with an agreed upon fair value of the securities.

As of December 31, 2006, the District had \$13,184,851 invested in the PTIF which had a fair value of \$13,184,943 for an unrealized gain of \$92. Due to the insignificance of this amount, the fair value of the investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	69.20%
Money market agreements and Certificates of deposit	14.51%
U.S. Government securities	16.29%
	<u>100.00%</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been restricted for the following purposes and amounts as required by the provisions of the District's various bond resolutions:

	<u>2006</u>	<u>2005</u>
Revenue bonds		
Debt service reserve	\$ 957,745	\$ 911,645
Current debt service	1,324,264	1,002,438
Renewal and replacement reserve	485,162	484,911
Impact fee reserve	<u>8,785,948</u>	<u>6,114,673</u>
	<u>\$ 11,553,119</u>	<u>\$ 8,513,667</u>
Included in the accompanying financial statements as follows:		
Current portion restricted cash and cash equivalents	\$ 1,263,029	\$ 1,613,340
Noncurrent restricted cash and cash equivalents	<u>10,290,090</u>	<u>6,900,327</u>
	<u>\$ 11,553,119</u>	<u>\$ 8,513,667</u>

NOTE E – IMPACT FEE NOTES RECEIVABLES

Long-term receivables consists of the following:

	<u>2006</u>	<u>2005</u>
Two rental housing projects built in 1995, one of which was expanded during 1996, that are paying their Impact Fees under the Affordable Rental Housing Program. The receivables will be paid in monthly installments of \$4,237 including interest at 6.28% and will be paid in full in 2010.	\$ 28,100	\$ 46,518
Impact Fees due from property owners of a subdivision which connected to the collection system in 2002. The fees will be paid in monthly installments over 5 years, with no interest	<u>6,118</u>	<u>8,617</u>
	<u>\$ 34,218</u>	<u>\$ 55,135</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE F – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	January 1, 2006	Increases	Decreases	December 31, 2006
Nondepreciable capital assets:				
Land	\$ 717,185	\$ -	\$ -	\$ 717,185
Construction in progress	11,867,808	2,134,621	-	14,002,429
Infrastructure:				
Water reclamation facilities and improvements	37,389,718	408,837	-	37,798,555
Collection system	48,135,770	1,826,910	1,418,290	48,544,390
Accumulated depreciation on infrastructure assets prior to January 1, 2003	(18,118,967)	-	(1,135,623)	(16,983,344)
Total nondepreciable capital assets	79,991,514	4,370,368	282,667	84,079,215
Depreciable capital assets:				
Buildings	1,890,956	76,889	3,300	1,964,545
Solids handling and other improvements	2,939,335	70,024	-	3,009,359
Machinery and equipment	1,830,714	115,950	23,909	1,922,755
Total depreciable capital assets at historical cost	6,661,005	262,863	27,209	6,896,659
Less accumulated depreciation for:				
Buildings	589,803	56,663	1,556	644,910
Solids handling and other improvements	720,207	73,097	-	793,304
Machinery and equipment	1,119,895	159,824	23,909	1,255,810
Total accumulated depreciation	2,429,905	289,584	25,465	2,694,024
Depreciable capital assets, net	4,231,100	(26,721)	1,744	4,202,635
	\$84,222,614	\$4,343,647	\$ 284,411	\$88,281,850

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE F – CAPITAL ASSETS - CONTINUED

	January 1, 2005	Increases	Decreases	December 31, 2005
Nondepreciable capital assets:				
Land	\$ 717,185	\$ -	\$ -	\$ 717,185
Construction in progress	548,193	11,319,615	-	11,867,808
Infrastructure:				
Water reclamation facilities and improvements	37,203,762	185,956	-	37,389,718
Collection system	46,638,731	1,497,039	-	48,135,770
Accumulated depreciation on infrastructure assets prior to January 1, 2003	(18,118,967)	-	-	(18,118,967)
Total nondepreciable capital assets	66,988,904	13,002,610	-	79,991,514
Depreciable capital assets:				
Buildings	1,882,690	14,844	6,578	1,890,956
Solids handling and other improvements	2,846,672	95,473	2,810	2,939,335
Machinery and equipment	1,677,235	236,576	83,097	1,830,714
Total depreciable capital assets at historical cost	6,406,597	346,893	92,485	6,661,005
Less accumulated depreciation for:				
Buildings	539,278	53,909	3,384	589,803
Solids handling and other improvements	647,320	73,098	211	720,207
Machinery and equipment	1,023,924	178,380	82,409	1,119,895
Total accumulated depreciation	2,210,522	305,387	86,004	2,429,905
Depreciable capital assets, net	4,196,075	41,506	6,481	4,231,100
	<u>\$71,184,979</u>	<u>\$13,044,116</u>	<u>\$ 6,481</u>	<u>\$84,222,614</u>

Effective January 1, 2003, the District elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its water reclamation treatment and collection system. As a result, no additional accumulated depreciation or depreciation expense has been recorded for these systems since December 31, 2002. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the "Basic Approach" whereby accumulated depreciation and depreciation expense have been recorded.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE G – LONG-TERM OBLIGATIONS

All long-term obligations other than compensated absences issued by the District have provided funds for the acquisition and construction of major capital facilities.

Long-term obligations consist of the following:

	<u>2006</u>	<u>2005</u>
Compensated absences	\$ 170,497	\$ 173,289
\$2,475,000 sewer revenue refunding bonds due serially through 2010 with interest rates ranging from 1.25% to 3.50%	1,686,433	2,034,617
Non-interest bearing revenues bonds totaling \$2,500,000, due in annual installments of \$125,000 beginning in 1996	1,125,000	1,250,000
\$4,190,000 sewer revenue bonds due serially through 2012 with interest at 2%	<u>2,136,371</u>	<u>2,542,371</u>
	5,118,301	6,000,277
Less current maturities of long-term obligations	<u>1,404,081</u>	<u>1,043,523</u>
	<u>\$ 3,714,220</u>	<u>\$ 4,956,754</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by the District. Net revenues are defined in the revenue bond agreements. The District is required to establish user fees and rates that will yield net revenues equal to at least 1.25 times revenue bond debt service that will become due in the following fiscal year. Also, net revenues exclusive of Impact Fees are required to equal at least 1.00 times revenue bond debt service that will become due in the following year.

The following is a summary of changes in long-term obligations:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006	Amounts Due Within One Year
Compensated absences	\$ 173,289	\$153,168	\$ 155,960	\$ 170,497	\$ 149,081
Revenue bonds payable	5,826,988	-	879,184	4,947,804	1,255,000
	<u>\$6,000,277</u>	<u>\$153,168</u>	<u>\$1,035,144</u>	<u>\$5,118,301</u>	<u>\$1,404,081</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE G – LONG-TERM OBLIGATIONS - CONTINUED

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005	Amounts Due Within One Year
Compensated absences	\$ 170,116	\$156,277	\$153,104	\$ 173,289	\$ 151,523
Revenue bonds payable	6,528,171	-	701,183	5,826,988	892,000
	<u>\$6,698,287</u>	<u>\$156,277</u>	<u>\$854,287</u>	<u>\$6,000,277</u>	<u>\$1,043,523</u>

The annual debt service requirements to maturity, including principal and interest, for long-term obligations, exclusive of compensated absences as of December 31, 2006, are as follows:

Year Ending December 31,	Principal	Interest	Total Debt service
2007	\$ 1,255,000	\$ 81,160	\$ 1,336,160
2008	1,286,000	55,942	1,341,942
2009	693,000	32,964	725,964
2010	706,209	19,668	725,877
2011	554,371	8,382	562,753
2012-2016	500,000	-	500,000
	<u>4,994,580</u>	<u>198,116</u>	<u>5,192,696</u>
Less unamortized loss on defeasance	(46,776)	-	(46,776)
	<u>\$ 4,947,804</u>	<u>\$ 198,116</u>	<u>\$ 5,145,920</u>

NOTE H - COMPENSATED ABSENCES

Full-time, regular employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Employees can also earn compensatory time for hours worked in excess of normal full-time hours. Non-exempt employees are entitled to all accrued vacation leave and compensatory time upon termination.

Employees also earn sick leave which may be accumulated up to 720 hours. Any accumulation in excess of that limit, is paid out annually at 50 percent of the amount accrued. Employees who retire in good standing may be reimbursed for one-half of accumulated sick leave.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE I - RETIREMENT PLANS

Plan Description - The District contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - In the Local Governmental Noncontributory Retirement System the District is required to contribute 11.59% of plan members' annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The District contributions to the Noncontributory Retirement System the contributions for December 31, 2006, 2005, and 2004, were \$231,848, \$221,850, and \$202,757, respectively. The contributions were equal to the required contributions for each year.

NOTE J - DEFERRED COMPENSATION PLAN

Effective July 1986, the District offered its full-time employees participation in a defined contribution deferred compensation plan created in accordance with Internal Revenue Code Section 401(k) (the 401(k) Plan). Employees may contribute up to 25.0% of their annual salary up to a maximum of \$13,000. During 2006 and 2005, all participants in the 401(k) Plan also participated in the contributory or noncontributory plans of the system. The District is not legally obligated to contribute and any contribution made is at the discretion of the Board of Trustees. All contributions are fully vested.

Contributions made by employees to the 401(k) Plan were \$98,486 and \$110,930 for 2005 and 2004, respectively. In 2006, the District made contributions totaling \$118,711 (\$96,903 in 2005).

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all of these risks of loss, except natural disasters other than earthquakes. During 2006, the District did not decrease any levels of insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Claims information for the past two years is as follows:

	<u>2006</u>	<u>2005</u>
Claims liability, January 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	-	13,172
Payments on claims during the year		
Payments made by insurance	-	13,172
Payments made by the District	-	-
	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE INTENTIONALLY LEFT BLANK



The Quality
of Our Water
Reflects the
Quality of Our
Community

Required Supplementary Information

Snyderville Basin Water Reclamation District **Modified Approach for Eligible Infrastructure Assets** **Year Ended December 31, 2006**

In accordance with GASB Statement No. 34, the District is required to account for and report infrastructure capital assets. The District defines infrastructure as the basic physical assets of the collection system and reclamation facilities. Infrastructure assets are capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than other capital assets. The District's major infrastructure system consists of the collection system and reclamation facilities and can be divided into subsystems such as collection lines, manholes and other appurtenances, pump stations and reclamation facilities. Subsystem detail is not presented in the basic financial statements; however, the District maintains detailed information on these subsystems.

The District has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its collection and reclamation system. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated if the following requirements are met:

- A. The District manages the eligible infrastructure capital assets using an asset management system meeting the following minimum requirements (1) have an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- B. The District documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

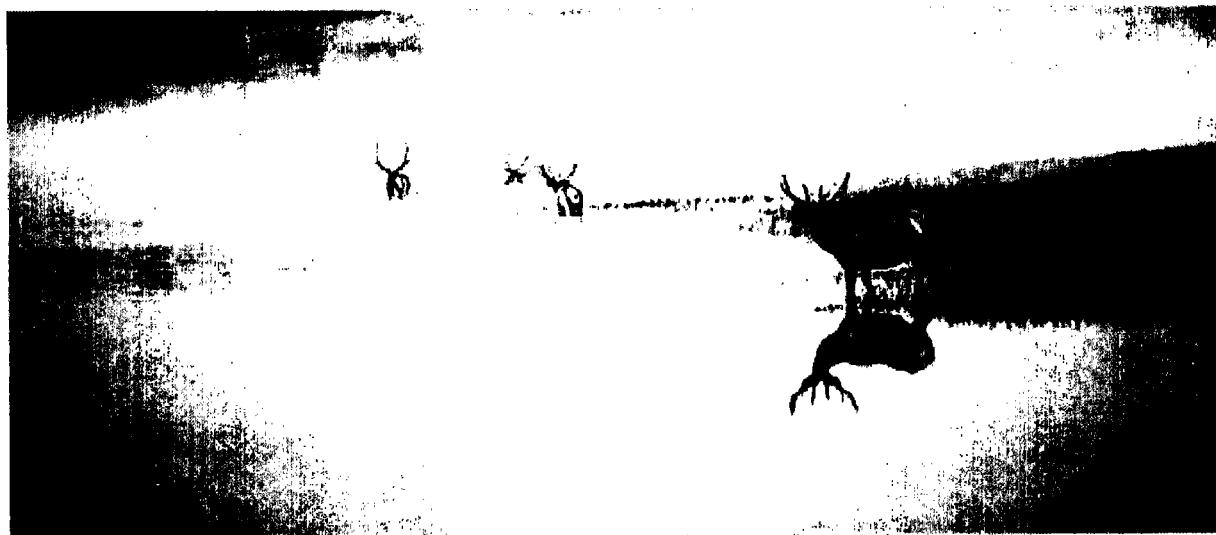
The District commissions a physical condition assessment of its collection and reclamation facilities each year. The District's objective is to complete an assessment annually of all infrastructure assets covered by the District's asset management system. In accordance with GASB Statement No. 34, footnote 19, the District's condition assessments will be performed, in part, using statistical samples that are representative of infrastructure assets. This allows the District to ensure that assets are maintained at a prescribed condition and analyze future funding needs. The District's collection and reclamation system is composed of approximately 251.5 miles of collection lines, 6,206 manholes, nine pump stations and two reclamation facilities.

The District developed condition grade scales to provide a means of rating the assets during each condition assessment. The assets are assessed for several possible defects which are assigned a relative weight. Those weights are then normalized to sum to one (100%). The assigned condition grade score for each possible defect is multiplied by the normalized relative weight to yield a weighted defect score. The weighted defect scores are totaled for each asset, yielding a total asset rating that will range from 1 to 5. The Total Asset Ratings and corresponding Levels of Service are summarized in the following table. The District has set a minimum service level of 3 (Good) for all infrastructure assets.

<u>Level of Service</u>		<u>Total Asset Rating</u>
1 - Excellent	=	$1.0 \leq \text{TAR} \leq 1.5$
2 - Very Good	=	$1.5 < \text{TAR} \leq 2.5$
3 - Good	=	$2.5 < \text{TAR} \leq 3.5$
4 - Poor	=	$3.5 < \text{TAR} \leq 4.5$
5 - Very Poor	=	$4.5 < \text{TAR}$

continued

The Quality
of Our Water
Reflects the
Quality of Our
Community



OTHER SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Financial Information

Schedule of Revenues and Other Sources and Expenditures and Other Uses, Budget to Actual

(Non-GAAP Budgetary Basis)

Year Ending December 31, 2006

With Comparative Totals for 2005

	2006			2005
	Budget	Actual	Variance - favorable (unfavorable)	Actual
Revenues and Other Sources:				
Operating Revenues				
Sewer User Fees	\$ 5,833,516	\$ 5,789,615	\$ (43,901)	\$ 5,514,927
Engineering Fees	297,500	277,200	(20,300)	449,905
Other Revenue	10,000	31,510	21,510	33,165
Total	6,141,016	6,098,325	(42,691)	5,997,997
Nonoperating Revenues and other sources				
Impact Fees	5,171,000	5,648,525	477,525	5,569,334
Investment Income	473,000	504,837	31,837	480,541
Gain (Loss) on Disposal of Capital Assets	0	(284,411)	(284,411)	2,563
Other Revenue	70,463	70,462	(1)	102,965
Capital Contributions	3,400,000	1,753,410	(1,646,590)	1,497,040
Total	9,114,463	7,692,823	(1,421,640)	7,652,443
Total Revenues and Other Sources	15,255,479	13,791,148	(1,464,331)	13,650,440
Expenditures and Other Uses				
Operating Expenditures				
Wages and benefits	3,225,660	3,219,120	6,540	3,092,602
Supplies	446,686	364,770	81,916	429,908
Contractual services	168,560	165,119	3,441	138,667
Utilities	385,480	424,085	(38,605)	402,023
Repairs and maintenance	1,327,470	1,275,327	52,143	388,571
Administration	201,155	196,898	4,257	200,897
Miscellaneous	110,850	59,921	50,929	54,148
Depreciation and amortization	315,000	299,464	15,536	314,772
Total O & M	6,180,861	6,004,704	176,157	5,021,588
Non Operating Expenditures				
Long-term Debt Principal	892,000	892,000	0	714,000
Long-term Debt Interest	86,841	86,841	0	124,090
Capital Disbursements	194,800	192,840	1,960	346,893
Construction	3,990,000	4,502,279	(512,279)	11,505,571
Capital Contributions	3,400,000	(1,753,410)	1,646,590	1,497,040
Total Non Operating Expenditures	8,563,641	3,920,550	1,136,271	12,690,554
Total Expenditures and Other Uses	\$ 11,344,502	\$ 11,678,664	\$ (334,162)	\$ 17,712,142
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ 3,910,977	\$ 2,112,484	\$ (1,798,493)	\$ (4,061,702)

Supplemental Financial Information
Impact Fee Analysis
December 31, 2006

	Not Allocable to Impact Fees	Allocable to Impact Fees	Total
Revenues and other sources			
Sewer use fees	\$ 5,789,615	\$ -	\$ 5,789,615
Engineering fees	277,200	-	277,200
Impact fees	-	5,648,525	5,648,525
Investment income	168,406	336,431	504,837
Other	101,972	-	101,972
Total revenues and other sources	6,337,193	5,984,956	12,322,149
Expenditures and other uses			
Operation and maintenance expenses	5,705,240	-	5,705,240
Other assets reclassified to compensation expense during 2006	(40,000)	-	(40,000)
Debt service - interest			
2000 revenue bonds	43,211	-	43,211
2003 revenue bonds	43,630	-	43,630
Debt service - other			
Reduction of long-term obligations	892,000	-	892,000
Increase in bond reserves	368,177	-	368,177
Capital expenditures - equipment			
Administration	43,033	-	43,033
Engineering equipment	15,980	-	15,980
Collection equipment	12,116	-	12,116
East Canyon Water Reclamation Facility	48,966	-	48,966
Silver Creek Reclamation Facility	51,490	-	51,490
Solids equipment	21,257	-	21,257
Capital expenditures - construction			
EC Relief Phase II	-	2,089,732	2,089,732
Backup Emergency Generator	65,692	343,145	408,837
Rehab SP Lift Station	-	73,500	73,500
Expansion Feasibility Report	-	44,889	44,889
Water Transport Project	-	10,601	10,601
Reuse Program	-	18,656	18,656
Instream Flow	-	8,731	8,731
Impact Fee Analysis	-	32,033	32,033
Total expenditures and other uses	7,270,792	2,621,287	9,892,079
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(933,599)	3,363,669	2,430,070
Funds at beginning of year	1,961,108	5,448,468	7,409,576
Funds at end of year	<u>\$ 1,027,509</u>	<u>\$ 8,812,137</u>	<u>\$ 9,839,646</u>
Funds at end of year consists of:			
Unrestricted current assets	\$ 2,578,467	\$ -	\$ 2,578,467
Current restricted cash and cash equivalents	-	8,029	8,029
Noncurrent restricted cash and cash equivalents	-	8,777,919	8,777,919
Impact fee notes receivable	-	34,218	34,218
Accounts payable	(264,631)	(8,029)	(272,660)
Accrued liabilities	(351,949)	-	(351,949)
Total compensated absences	(170,497)	-	(170,497)
Customer deposits	(763,881)	-	(763,881)
	<u>\$ 1,027,509</u>	<u>\$ 8,812,137</u>	<u>\$ 9,839,646</u>
Funds required to be expended by 2011		\$ 2,827,181	
Funds required to be expended by 2012		5,984,956	
		<u>\$ 8,812,137</u>	

Supplemental Financial Information
Schedule of Historical Impact Fee Revenue and Expenditures
December 31, 2006
and the preceding nine years actual

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenue:										
Impact Fee Revenue	\$ 5,848,525	\$ 5,569,334	\$ 3,749,435	\$ 3,285,416	\$ 2,278,125	\$ 3,755,136	\$ 1,992,018	\$2,798,935	\$ 4,458,188	\$ 3,517,040
Investment Income	338,431	346,139	181,697	140,180	216,726	711,231	762,044	472,673	330,938	198,504
Total Revenues	5,984,956	5,915,473	3,931,132	3,425,596	2,494,851	4,466,367	2,754,062	3,271,608	4,789,126	3,715,544
Expenditures:										
Debt Service - Interest										
1978 GO Bonds	-	-	-	-	-	1,086	5,258	8,472	11,903	15,387
1992 GO Bonds	-	-	-	-	-	39,144	61,770	81,944	102,538	119,345
1993 Revenue Bonds	-	-	-	-	-	-	332,663	116,925	116,925	116,925
1995 Revenue Bonds	-	-	-	-	-	41,992	42,615	51,945	52,209	47,150
2000 Revenue Bonds	-	-	-	-	-	39,661	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	51,082	-	-	-
Administration Building	-	-	-	-	-	-	-	-	-	5,313
Wastewater Collection System Expansion	73,500	94,967	35,871	-	30,375	139,092	50,847	67,739	732,668	1,208,137
East Canyon WRF Expansion	-	4,326	-	1,056,537	7,074,313	5,167,307	252,079	514,793	33,637	252,111
East Canyon WRF - Phosphorus Removal	-	105,654	120,548	-	-	-	373,150	-	-	-
Silver Creek Water Reclamation Facility	343,145	47,418	-	-	-	-	15,113	16,549	-	-
Compost Facility	-	-	-	-	-	-	1,429	2,749	42,022	93,891
Capital Facilities Planning/Impact Fee Analysis	76,922	65,582	6,694	11,326	100,616	65,425	-	-	9,355	-
Boislands Handling	-	-	-	51,250	-	-	-	-	-	-
East Canyon Relief Ph II	2,089,732	10,360,942	546,082	29,910	-	-	-	-	-	-
319 Planning Study	-	-	38,297	-	-	-	-	-	-	-
East Canyon Reuse Line	-	863,706	2,111	-	-	-	-	-	-	-
Instream Flow	8,731	-	-	-	-	-	-	-	-	-
Water Transport Project	10,601	-	-	-	-	-	-	-	-	-
Reuse Program	18,656	29,892	-	-	-	-	-	-	-	-
Total Impact Fee Expenditures	2,621,287	11,572,487	749,603	1,149,023	7,205,304	5,493,707	1,186,006	861,116	1,101,257	1,858,260
Excess (deficiency) of revenues over (under) expenditures	3,363,669	(5,657,015)	3,181,529	2,276,573	(4,710,453)	(1,027,340)	1,568,056	2,410,492	3,687,869	1,857,284
Impact Fee Funds at beginning of year	5,448,468	11,105,482	7,923,954	5,647,381	10,357,834	11,385,174	9,817,118	7,406,626	3,718,757	1,861,473
Impact Fee Funds at end of year	\$ 8,812,137	\$ 5,448,467	\$ 11,105,482	\$ 7,923,954	\$ 5,647,381	\$ 10,357,834	\$ 11,385,174	\$9,817,118	\$ 7,406,626	\$ 3,718,757

Supplemental Financial Information
Schedule of Future Impact Fee Revenue and Expenditures
Future Project Schedule

	Budgeted						
	2007	2008	2009	2010	2011	2012	2013
Estimated Revenue:							
Impact Fee Revenue	\$ 3,912,000	\$ 4,367,717	\$ 4,284,291	\$ 4,371,834	\$ 4,461,224	\$ 4,548,069	\$ 4,636,775
Investment Income	407,200	501,773	564,093	423,138	731,338	869,909	402,442
Total Revenues	4,319,200	4,869,490	4,848,384	4,794,972	5,192,562	5,417,978	5,039,217
Budgeted Projects:							
Wastewater Collection System Expansion	-	18,000	88,000	641,550	136,800	-	-
Collection Building Expansion	-	-	-	400,000	-	-	-
East Canyon Water Reclamation Facility Expansion	-	-	-	-	-	-	-
East Canyon WRF - Phosphorus Removal	-	-	-	-	-	-	-
Silver Creek Water Reclamation Facility	-	-	-	-	-	-	-
Compost Facility	-	-	-	-	-	-	-
Capital Facilities Planning/Impact Fee Analysis	50,000	-	-	-	-	-	-
Boisolds Handling/Disposal Options	297,500	750,000	1,500,000	1,925,000	-	637,500	-
East Canyon Relief Ph II	520,000	-	-	-	-	-	-
319 Planning Study	-	-	-	-	-	-	-
East Canyon Reuse Line	-	-	-	-	-	-	-
Instream Flow	25,000	-	-	-	-	-	-
Water Transport Project	-	-	-	-	-	-	-
Reuse Program	2,000	-	-	-	-	-	-
East Canyon/Silver Creek Expansion	25,000	1,900,184	6,342,634	16,725,438	-	9,335,835	8,041,243
Silver Creek Trunkline	-	-	-	-	-	-	-
Flow Monitoring	-	-	-	-	17,000	-	-
Total Impact Fee Expenditures	894,501	2,668,184	7,930,634	19,691,988	153,800	9,973,335	8,041,243
Excess (deficiency) of revenues over (under) expenditures	3,424,699	2,201,306	(3,082,250)	(14,897,016)	5,038,762	(4,555,357)	(3,002,026)
Impact Fee Funds at beginning of year	8,812,137	12,236,836	14,438,142	11,355,892	(3,541,124)	1,497,638	(3,057,719)
Impact Fee Funds at end of year	\$ 12,236,836	\$ 14,438,142	\$ 11,355,892	\$ (3,541,124)	\$ 1,497,638	\$ (3,057,719)	\$ (6,059,745)

Statistical Section

This section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information that may assist the reader in assessing the District's current financial performance and by placing it in historical perspective.	35 - 40
Revenue Capacity These schedules contain information that may assist the reader in assessing the District's two most significant local revenue sources, User Fees and Impact Fees, as well as property tax rates for overlapping governments.	41 - 44
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	45 - 47
Economic & Demographic Information This table offers economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place	48 - 49
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs	50 - 57

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.



The Quality
of Our Water
Reflects the
Quality of Our
Community

Statement of Net Assets

1997-2006

Prior to GASB 34

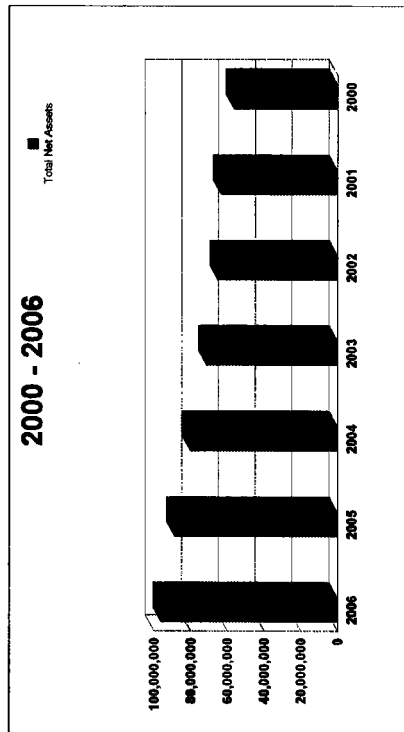
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999	December 31, 1998	December 31, 1997
Assets										
Current Assets	\$ 3,841,496	\$ 5,223,349	\$ 3,655,301	\$ 4,444,190	\$ 4,671,357	\$ 5,238,542	\$ 1,065,163	\$ 3,870,960	\$ 14,403,817	\$ 10,205,473
Non Current Restricted Assets	10,324,308	6,955,462	12,517,291	9,233,891	8,412,784	13,771,289	15,984,359	14,742,174	1,468,139	1,504,512
Capital Assets (at cost)	93,956,789	92,903,678	90,966,275	85,666,185	66,894,502	67,787,628	64,192,242	61,427,421	58,440,377	56,261,422
Less Accumulated Dep'n	(19,677,368)	(20,548,872)	(20,329,489)	(20,229,495)	(20,026,808)	(19,925,567)	(17,960,862)	(16,209,408)	(14,549,647)	(12,836,632)
Construction In Progress	14,002,429	11,867,808	548,193	0	15,359,296	7,520,341	904,295	-	-	-
Other Assets	49,829	109,709	119,588	129,468	184,061	210,860	189,839	163,594	600,809	701,510
Total Assets	\$ 102,497,483	\$ 96,511,134	\$ 87,477,159	\$ 79,244,239	\$ 75,495,192	\$ 74,613,093	\$ 64,375,036	\$ 63,994,741	\$ 60,363,495	\$ 55,836,285
Liabilities and Net Assets										
Current Liabilities	\$ 2,792,571	\$ 3,250,475	\$ 1,847,292	\$ 1,728,180	\$ 2,283,722	\$ 2,708,369	\$ 2,235,407	\$ 2,395,507	\$ 2,367,931	\$ 2,015,527
Long Term Obligations	3,714,220	4,956,754	5,835,538	6,535,227	8,291,005	8,745,000	5,898,000	9,637,000	10,816,000	11,942,000
Contributions *	-	-	-	-	-	-	-	23,703,676	21,706,453	20,440,275
Retained Earnings	-	-	-	-	-	-	-	28,258,558	25,473,111	21,438,483
Net Assets	83,312,630	78,395,626	64,656,808	58,216,544	53,481,990	45,804,403	40,003,675	-	-	-
Invested in capital assets, net of related debt	9,273,671	5,448,468	11,105,482	7,923,954	5,647,381	10,746,669	13,955,998	-	-	-
Restricted for capital projects	1,027,009	1,914,083	1,654,596	1,596,857	1,578,443	1,353,322	1,210,735	-	-	-
Restricted for debt service	2,377,382	2,545,728	2,377,443	3,243,477	4,212,651	5,255,330	1,071,221	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Net Assets	\$ 102,497,483	\$ 96,511,134	\$ 87,477,159	\$ 79,244,239	\$ 75,495,192	\$ 74,613,093	\$ 64,375,036	\$ 63,994,741	\$ 60,363,495	\$ 55,836,285

* Because of GASB Statement No. 33, Contributions from Developers which have previously been shown in a separate equity category, are being recognized in the Statement of Activities and Changes in Net Assets starting 2000

Changes in Net Assets

1997-2006

1997-2006		Prior to GASB 34								
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999	December 31, 1998	December 31, 1997
Revenues:										
Operating Revenues										
Sewer User Fees	\$ 5,789,615	\$ 5,514,927	\$ 5,188,123	\$ 5,083,459	\$ 4,466,116	\$ 4,325,185	\$ 4,211,185	\$ 3,880,965	\$ 3,715,791	\$ 3,510,044
Engineering Fees	277,200	449,905	131,438	128,155	88,651	343,945	255,318	356,365	164,345	102,566
Other Revenue	31,510	33,165	28,305	31,761	16,537	27,306	60,208	19,832	105,593	78,408
Total Operating Revenue	6,098,325	5,997,997	5,347,866	5,243,375	4,571,304	4,696,436	4,526,711	4,257,162	3,985,729	3,691,018
Expenses:										
Operating Expenses										
Operation & Maintenance	5,705,240	4,706,816	4,364,196	4,087,711	3,619,479	3,331,676	2,979,993	2,910,101	2,888,251	2,687,145
Depreciation and amortization	299,464	314,772	316,671	407,124	2,097,907	2,003,108	1,885,297	1,793,154	1,736,733	1,655,869
Total Operating Expenses	6,004,704	5,021,588	4,680,867	4,494,835	5,717,386	5,334,784	4,865,290	4,703,255	4,624,984	4,343,014
Nonoperating Revenues										
Impact Fees	5,648,525	5,569,334	3,749,435	3,285,416	2,278,125	3,755,136	1,992,018	2,798,935	4,458,187	3,517,040
Investment Income	504,837	480,541	254,033	207,205	335,734	968,219	1,077,232	920,133	749,400	646,189
Other Revenue	70,462	102,965	102,965	102,965						
Gain (Loss) on Sale of Capital Assets	(284,411)	2,563	(38)	(105,694)	(1,798,850)	(947)	5,547	(869)	-	24,345
Total Nonoperating Revenue	5,939,413	6,155,403	4,106,395	3,489,892	815,009	4,722,408	3,074,797	3,718,199	5,207,587	4,187,574
Non Operating Expenses										
Interest Expense	99,657	119,276	138,024	137,321	160,610	182,351	422,992	486,659	533,704	573,118
Income (loss) Before Contributions and Extraordinary Items										
Capital Contributions	5,933,377	7,012,536	4,635,370	4,101,111	(491,683)	3,901,709	2,313,226	\$ 2,785,447	\$ 4,034,628	\$ 2,962,460
Extraordinary Loss on Defeasance of Debt	1,753,410	1,497,040	4,178,127	1,959,256	2,252,424	3,016,386	2,427,018			
Increase in Net Assets	7,686,787	8,509,576	8,813,497	6,060,367	1,760,741	6,918,095	4,279,395			
Net Assets at Beginning of Year	88,303,905	79,794,329	70,980,832	64,920,465	63,159,724	56,241,629	51,962,234			
Net Assets at End of Year	\$ 95,990,692	\$ 88,303,905	\$ 79,794,329	\$ 70,980,832	\$ 64,920,465	\$ 63,159,724	\$ 56,241,629			

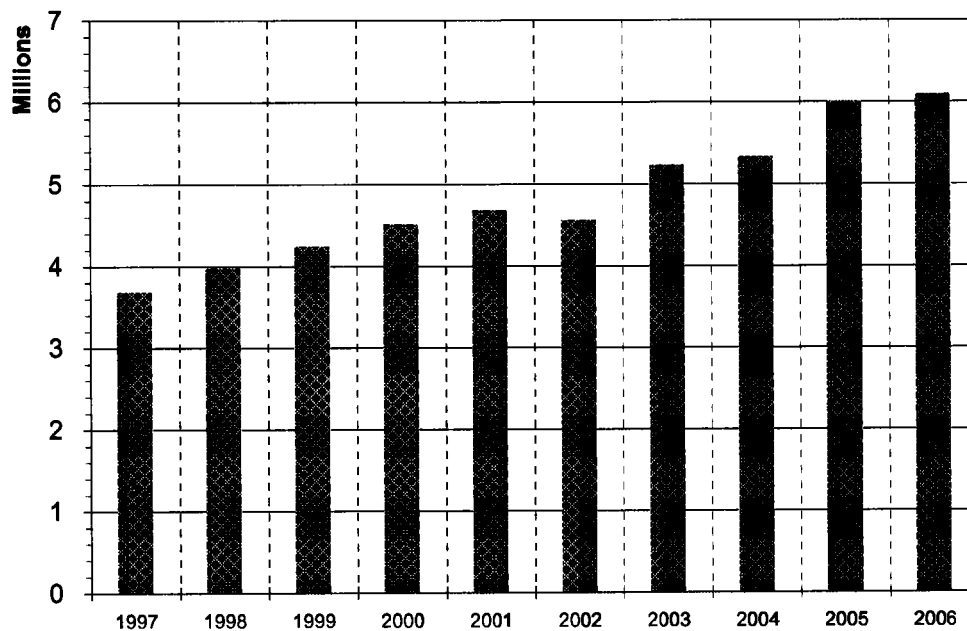


Operating Revenues

1997-2006

Year	User Fees	Engineering Fees	Other Revenue	Total
1997	\$ 3,510,044	\$ 102,566	\$ 78,408	\$ 3,691,018
1998	3,715,791	164,345	105,593	3,985,729
1999	3,880,965	356,365	19,832	4,257,162
2000	4,211,185	255,318	60,208	4,526,711
2001	4,325,185	343,945	27,306	4,696,436
2002	4,466,116	88,651	16,537	4,571,304
2003	5,083,459	128,155	31,762	5,243,376
2004	5,188,123	131,438	28,305	5,347,866
2005	5,514,927	449,905	33,165	5,997,997
2006	5,789,615	277,200	31,510	6,098,325

Operating Revenue

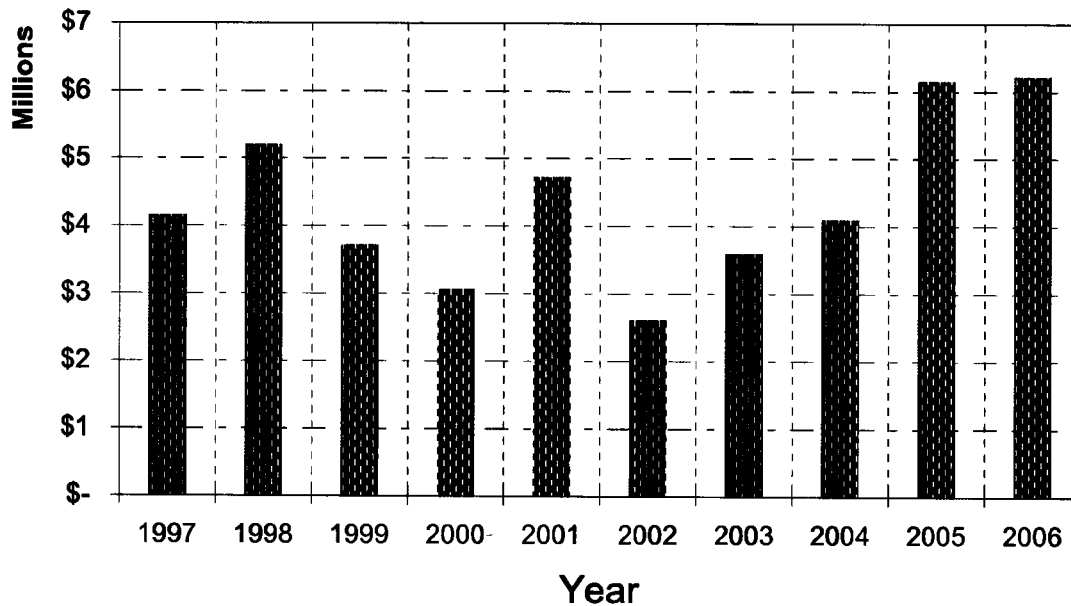


Non Operating Revenues

1997 - 2006

Year	Impact Fees	Investment Income	Other Revenue	Total
1997	\$ 3,517,040	\$ 646,189	\$ -	\$ 4,163,229
1998	4,458,187	749,400	-	5,207,587
1999	2,798,935	920,133	-	3,719,068
2000	1,992,018	1,077,232	-	3,069,250
2001	3,755,136	968,219	-	4,723,355
2002	2,278,125	335,733	-	2,613,858
2003	3,285,416	207,205	102,965	3,595,586
2004	3,749,435	254,033	102,965	4,106,433
2005	5,569,334	480,542	102,965	6,152,841
2006	5,648,525	504,837	70,462	6,223,824

Non Operating Revenues



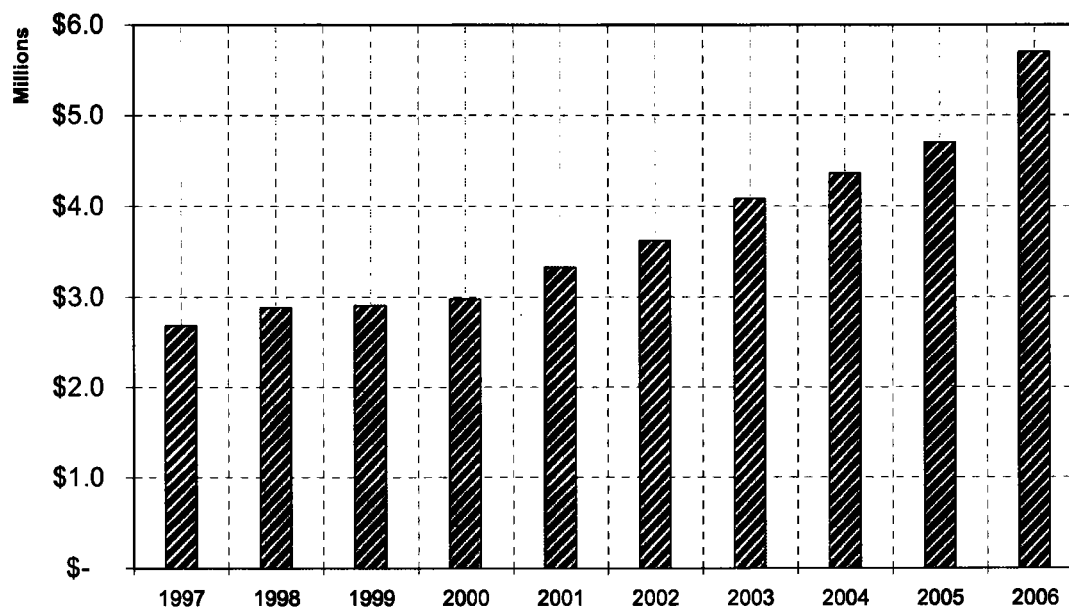
Operating Expenses - By Department

(excluding depreciation and amortization)

1997 - 2006

Year	Admin	Engineer	Collections	ECWRF	SCWRF	Lab	Solids Mgt	Pretreat	Total Operating Expenses (excluding depreciation)
1997	\$ 520,956	\$ 372,770	\$ 360,279	\$ 603,271	\$ 473,991	\$ 84,210	\$ 211,895	\$ 59,773	\$ 2,687,145
1998	538,751	463,789	394,384	608,029	527,952	93,424	197,059	64,863	2,888,251
1999	547,358	528,145	394,519	667,805	415,005	100,269	189,313	67,687	2,910,101
2000	478,201	610,474	409,294	654,181	427,288	138,245	194,810	67,500	2,979,993
2001	574,148	628,584	486,225	658,600	573,946	130,033	196,475	83,665	3,331,676
2002	689,381	641,854	598,281	674,078	578,018	143,941	210,410	83,516	3,619,479
2003	691,396	672,255	713,669	867,861	618,582	154,294	280,984	88,670	4,087,711
2004	737,585	700,462	890,326	797,790	621,913	168,353	340,136	107,631	4,364,196
2005	803,084	716,562	949,243	889,723	684,618	169,318	380,370	113,898	4,706,816
2006	894,724	802,065	1,797,359	899,943	649,861	167,412	378,679	115,197	5,705,240

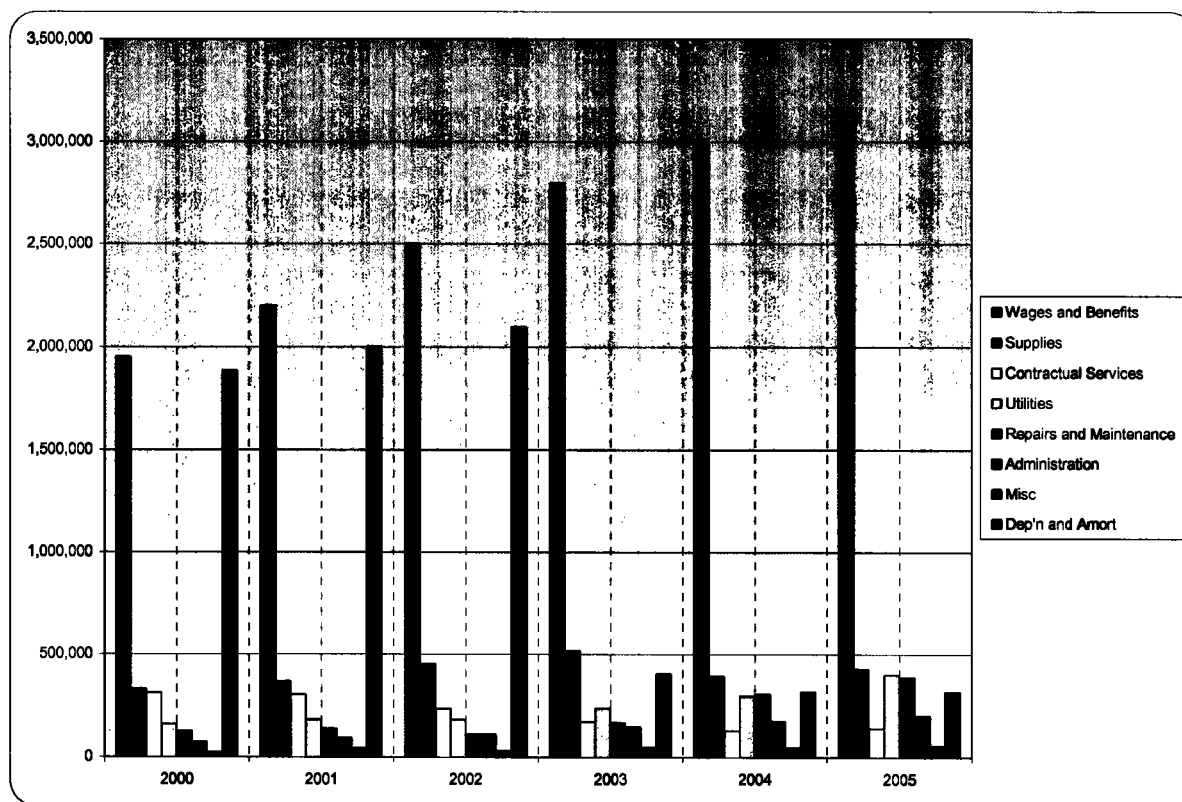
Operating Expenses by Department



Operating Expenses by Source

2000 - 2006

Year	Wages and Benefits	Supplies	Contractual Services	Utilities	Repairs and Maintenance	Administration	Misc	Dep'n and Amort	Total Operating Expenses
2000	\$ 1,951,192	\$ 330,942	\$ 311,826	\$ 159,130	\$ 126,824	\$ 75,442	\$ 24,637	\$ 1,885,297	\$ 4,865,290
2001	2,199,860	370,487	302,291	182,805	138,757	92,999	44,477	2,003,108	5,334,784
2002	2,501,563	455,169	234,765	182,322	112,424	110,224	33,012	2,097,907	5,727,386
2003	2,798,954	517,813	169,547	236,624	167,480	148,183	49,110	407,124	4,494,835
2004	3,014,637	396,255	128,022	297,390	305,466	175,524	46,902	316,671	4,680,867
2005	3,092,602	429,908	138,667	402,023	388,571	200,897	54,148	314,772	5,021,588
2006	3,219,120	364,770	165,119	424,085	1,275,327	196,898	59,921	299,464	6,004,704



Note: Starting in 2003, the District used the modified approach to account for infrastructure assets reducing annual depreciation and increasing expenditures in repairs and maintenance

Principal Rate Payers

Year Ending December 31, 2006

(current period and period nine years prior)

Organization	Type of Service	2006		1997	
		Annual User Fee Amount	Rank	Annual User Fee Amount	Rank
American Skiing Company of Utah	Ski Resort/Condos	\$ 181,574	1	\$ -	
Deer Valley Resort	Ski Resort/Condos	134,624	2	-	
Canyon Creek Apartments	Apartments	87,150	3	-	
Powderwood Homeowners Association	Condominiums	76,087	4	67,200	1
Marriott Mountainside Resort	Condominiums	72,550	5	-	
Stein Ericksen Lodge	Ski Lodge	68,674	6	-	
Marriott Summit Watch Ownership Resort	Condominiums/Retail	61,723	7	-	
Fox Point At Redstone	Condominiums	58,474	8	-	
Red Pine Chalets	Condominiums	55,427	9	50,381	2
Hidden Creek HOA	Condominiums	51,291	10	-	
Prospector Square Owner's Association	Condos and Convention Center	-		42,501	3
Resort Center Owners Association	Condominiums	-		39,772	4
Yarrow Hotel	Hotel	-		37,908	5
Olympia Park Hotel	Hotel	-		37,223	6
Parkwest Homeowners Association	Condominiums	-		35,632	7
Park City Mountain Resort	Ski Resort	-		29,398	8
Carriage House Homeowners Association	Condominiums	-		28,175	9
Landmark Inn	Hotel	-		24,793	10
		<u>\$ 847,574</u>		<u>\$ 392,983</u>	

Note: The percentage of total revenue for principal rate payers is not significant and is not shown on this schedule

Source: District Account Files

Summary of Impact Fee Revenue

1997 - 2006

YEAR	RESERVATION OF CAPACITY FEES		IMPACT FEES			IMPACT FEES		ADDITIONAL FEES COLLECTED UPON INSPECTION AND DEFERRED PAYMENTS	TOTAL RE'S SOLD (DOES NOT INCLUDE RCF)	TOTAL REVENUE
	UNITS/RE'S	REVENUE	RESIDENTIAL/CONDO			COMMERCIAL/INDUSTRIAL				
			UNITS	RE's	REVENUE	RE'S	REVENUE			
1997	402.4	\$ 1,043,822	696	696.0	\$ 2,100,380	112.8	\$ 355,938	\$ 16,900	808.8	\$ 3,517,040
1998	88.0	240,200	1,097	1,097.0	3,804,372	86.0	403,016	10,600	1,183.0	4,458,188
1999	-	-	517	517.0	2,339,186	100.1	353,877	105,872	617.1	2,798,935
2000	-	-	340	340.0	1,689,272	57.4	241,865	60,882	397.4	1,992,019
Adjustment *				3,821.6					3,821.6	
2001	-	-	640	695.3	3,212,359	150.8	542,387	390	846.1	3,755,136
2002	-	-	293	442.4	2,069,241	47.0	208,884	-	489.4	2,278,125
2003	-	-	463	546.8	2,714,000	105.0	553,917	17,499	651.8	3,285,416
2004	-	-	526	691.0	3,455,284	52.3	271,816	22,335	743.3	3,749,435
2005	-	-	767	929.1	4,921,429	103.9	517,228	130,677	1,033.0	5,569,334
2006	-	-	953	973.9	5,189,275	74.0	362,761	96,489	1,047.9	5,648,525
	490.4	\$ 1,284,022	6,292	10,750.1	\$ 31,494,798	889.3	\$ 3,811,689	\$ 461,644	11,639.4	\$ 37,052,153

* Because RE's were not measured by the District prior to 1980, actual sold RE's adjusted per research done for Capital Facilities Plan in 2001

User Fee and Impact Fee Rates

1997 - 2006

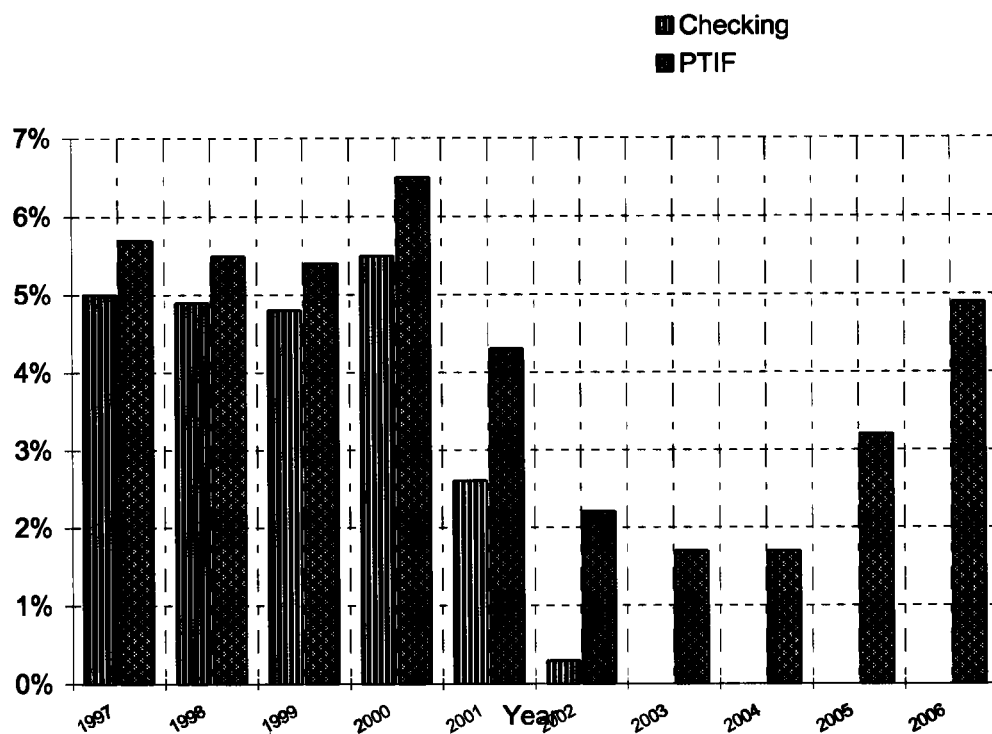
<u>Fiscal Year</u>	<u>Rate Resolution Number</u>	<u>Adoption Date</u>	<u>User Fees</u>	<u>Impact Fees</u>	<u>* Total Fee Revenue</u>
1997	72	02/10/97	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	\$ 4,200	\$ 7,027,084
1998	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,350	8,173,978
1999	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,500	6,679,900
2000	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,800	6,203,203
2001	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,800	8,080,321
2002	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,874	6,744,241
2003	84	01/01/03	\$16.70 per RE/unit plus \$1.45 per 1,000 gallons of winter water usage	5,022	8,368,875
2004	86	01/26/04	\$17.00 per RE/unit plus \$1.54 per 1,000 gallons of winter water usage	5,155	8,937,558
2005	95	02/28/05	\$17.30 per RE/unit plus \$1.63 per 1,000 gallons of winter water usage	5,289	11,084,261
2006	95	02/28/05	\$17.60 per RE/unit plus \$1.72 per 1,000 gallons of winter water usage	5,427	11,438,140

* Based on a three bedroom home. Increased by \$800 for each additional bedroom up to five and \$200 for each additional bedroom after five through 2001. Starting in 2002 each bedroom is charged one-third of an RE.

Schedule of Historical Interest Rates

1997 - 2006

Year	Wells Fargo Bank Average	PTIF Average
	Rate	Rate
1997	5.0%	5.7%
1998	4.9%	5.5%
1999	4.8%	5.4%
2000	5.5%	6.5%
2001	2.6%	4.3%
2002	0.3%	2.2%
2003	-	1.7%
2004	-	1.7%
2005	-	3.2%
2006	-	4.9%



Pledged Revenue Coverage

1997-2006

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Net Revenues										
Operating Revenues	\$ 6,098,325	\$ 5,997,997	\$ 5,347,866	\$ 5,243,375	\$ 4,571,304	\$ 4,696,436	\$ 4,526,711	\$ 4,257,162	\$ 3,985,729	\$ 3,691,018
Operating Expenses *	(5,705,240)	(4,706,816)	(4,364,196)	(4,087,711)	(3,619,479)	(3,331,676)	(2,979,993)	(2,910,101)	(2,888,251)	(2,687,145)
(excluding depreciation, amortization)										
Renewal and replacement expenditures included in operating expenses under the modified approach to reporting infrastructure										
Impact Fees	1,054,226	365,202	956,193	116,759	2,278,125	3,755,136	1,992,018	2,798,935	4,458,188	3,517,040
Investment Income	5,648,525	5,569,334	3,749,435	3,285,416	335,734	968,219	1,077,232	920,133	749,400	646,188
Net Revenues, as defined in bond indenture	\$ 7,600,673	\$ 7,706,259	\$ 5,943,331	\$ 4,765,044	\$ 3,565,684	\$ 6,088,115	\$ 4,615,968	\$ 5,066,129	\$ 6,305,066	\$ 5,167,101
Net Revenues Excluding Impact Fees	7,600,673	7,706,259	5,943,331	4,765,044	3,565,684	6,088,115	4,615,968	5,066,129	6,305,066	5,167,101
Impact Fees	(5,648,525)	(5,569,334)	(3,749,435)	(3,285,416)	(2,278,125)	(3,755,136)	(1,992,018)	(2,798,935)	(4,458,188)	(3,517,040)
Net Revenues Excluding Impact Fees	\$ 1,952,148	\$ 2,136,925	\$ 2,193,896	\$ 1,479,628	\$ 1,287,559	\$ 2,332,979	\$ 2,623,950	\$ 2,267,194	\$ 1,846,878	\$ 1,650,061
Aggregate Debt Service for 2007**	\$ 1,336,160	\$ 838,090	\$ 838,550	\$ 763,931	\$ 324,639	\$ 270,989	\$ 278,594	\$ 515,208	\$ 515,208	\$ 515,208
Ratio of Net Revenues to Aggregate Debt Service	5.69	9.20	7.09	6.24	10.98	22.47	16.57	9.83	12.24	10.03
Minimum Ratio Per 1993 Master Bond Resolution	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Ratio of Net Revenues Excluding Impact Fees to Aggregate Debt Service	1.46	2.55	2.62	1.94	3.97	8.61	9.42	4.40	3.58	3.20
Minimum Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

* Bond documents call for operating expenses excluding depreciation. Because the District uses the "Modified Approach for Infrastructure Assets," renewal and replacement expenditures have been reversed out of this calculation.

** Aggregate debt service includes only debt service on revenue bonds which are secured by revenues of the District. It does not include any general obligation bonds or other contracts which obligate the District to disburse funds.

Aggregate Debt Service consists of revenue bond payments during the current year:

	Principal	Interest	Total
1994 Series Revenue Bonds	\$ 125,000	\$ -	\$ 125,000
2000 Series Revenue Bonds	414,000	42,522	456,522
2003 Series Revenue Bonds	716,000	38,638	754,638
	\$ 1,255,000	\$ 81,160	\$ 1,336,160

(not including principal paid in connection with refunding)

Schedule of Outstanding Debt

1997 - 2006

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
1978 General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,000	\$ 265,000	\$ 375,000	\$ 475,000
1992 General Obligation Bonds	-	-	-	-	-	625,000	1,500,000	2,350,000	3,160,000	3,940,000
<i>Total GO Bonds</i>	0	0	0	0	0	625,000	1,645,000	2,615,000	3,535,000	4,415,000
1994 Revenue Bonds	1,125,000	1,250,000	1,375,000	1,500,000	1,625,000	1,750,000	1,875,000	2,000,000	2,125,000	2,250,000
1995 Revenue Bonds	-	-	-	-	935,000	1,028,000	1,117,000	1,201,000	1,281,000	1,358,000
1993 Revenue Bonds	-	-	-	-	1,995,000	1,995,000	1,995,000	5,000,000	5,000,000	5,000,000
2000 Revenue Bonds	2,136,371	2,542,371	2,940,370	3,330,371	4,190,000	4,190,000	500,000	-	-	-
2003 Revenue Bonds	1,686,433	2,034,617	2,212,801	2,389,775	-	-	-	-	-	-
<i>Total Revenue Bonds</i>	4,947,804	5,826,988	6,528,171	7,220,146	8,745,000	8,963,000	5,487,000	8,201,000	8,406,000	8,608,000
Total Outstanding Debt	\$ 4,947,804	\$ 5,826,988	\$ 6,528,171	\$ 7,220,146	\$ 8,745,000	\$ 9,588,000	\$ 7,132,000	\$ 10,816,000	\$ 11,941,000	\$ 13,023,000

Ratios of Outstanding Debt by Type

1997 - 2006

Fiscal Year	General Obligation Bonds	Revenue Bonds	Total	Percentage of Personal Income(1)	Per Capita (1)
1997	\$ 4,415,000	\$ 8,608,000	\$ 13,023,000	1.24%	528
1998	3,535,000	8,406,000	11,941,000	1.04%	465
1999	2,615,000	8,201,000	10,816,000	0.90%	409
2000	1,645,000	5,487,000	7,132,000	0.53%	237
2001	625,000	8,963,000	9,588,000	0.67%	307
2002	-	8,745,000	8,745,000	0.61%	271
2003	-	7,220,146	7,220,146	0.47%	212
2004	-	6,528,171	6,528,171	0.39%	186
2005	-	5,826,988	5,826,988	0.29%	161
2006	-	4,947,804	4,947,804	0.28%	158

Note: Details regarding the District's outstanding debt can be found in Note F in the financial statements

(1) Personal and per capita income can be found on page 48

Demographic Statistics - Summit County

1997 - 2006

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>	<u>Park City School District Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1997	24,675	\$ 1,052,289	\$ 42,646	32.08	3,603	3.5%
1998	25,669	1,146,574	44,668	32.32	3,800	4.4%
1999	26,459	1,204,913	45,539	33.07	3,818	4.7%
2000	30,048	1,336,038	44,548	33.42	3,921	3.5%
2001	31,279	1,417,656	45,806	33.33	3,959	4.6%
2002	32,236	1,421,656	44,629	33.33	3,957	6.4%
2003	34,073	1,501,343	45,750	33.33	4,059	6.0%
2004	35,090	1,626,716	47,933	33.33	4,212	5.1%
2005	36,283	1,854,400	52,981	33.33	4,353	4.0%
2006	36,871	1,998,648 *	55,765 *	33.33	4,367	2.9%

Source: (1) State of Utah Economic and Demographic Research Database
 (2) Bureau of the Census
 (3) Park City School District, Utah Office of Education
 (4) Utah Department of Workforce Services

* Estimate based on average increase over prior three years

Principal Employers

Year Ending December 31, 2006

Employer	Number of Employees	Rank
Deer Valley Resort	1,962	1
The Canyons Resort	1,175	2
Grand Summit Hotel	1,000	3
Park City Mountain Resort	950	4
Park City Municipal Corporation	827	5
Park City School District	763	6
Premier Resorts of Utah	600	7
Jan's Mountain Outfitters	250	8
Albertson's	250	9
Park City Marriott	249	10
	<u>8,026</u>	

Source: Utah Department of Workforce Services

Note: Because the District boundaries include Park City and part of Summit County, total employment figures are not available and so the percent of total employment is not shown.

Full-time Equivalent Employee by Function as of December 31,

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Administration	5	5	5	5	5	5	6	6	6	6
Engineering	8	8	8	8	8	8	7	6	6	10
Collections	9	8	11	10	9	9	8	7	7	6
East Canyon Water Reclamation Facility	8	8	11	10	8	8	8	8	8	8
Silver Creek Water Reclamation Facility	6	6	5	6	6	6	6	7	8	7
Laboratory	1	2	2	2	2	2	1	2	2	2
Solids Handling	2	2	2	2	2	2	2	2	2	2
Pretreatment	1	1	1	1	1	1	1	1	1	1
Totals	40	40	45	44	41	41	39	39	40	42

Source: District Accounting Records

Operator Certification Status

As of December 31, 2006

In accordance with Section 19-5-104 of the Utah Code Annotated, wastewater operators are to be certified. Certification rules apply to all wastewater works and sewerage systems operated by political subdivisions. This includes both wastewater collection systems and wastewater treatment systems.

TREATMENT OPERATOR

TREATMENT CERTIFICATION LEVEL

KEN BRAND, TREATMENT SUPERVISOR	GRADE IV	Also certified as Collection System Operator Grade IV R
LARRY SMITH, TREATMENT SUPERVISOR	GRADE IV	
GORDON EVANS, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade IV
GARY HILL, OPERATOR IV	GRADE IV	
MARLO DAVIS, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade IV R
CLIFF MEDLER, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade II
DAVID SMILANICH, OPERATOR IV	GRADE IV	
DALE CHOULES, OPERATOR III	GRADE IV	
LAINE MAIR, OPERATOR II	GRADE III	
CODY SNYDER, OPERATOR II	GRADE III	Also certified as a Small System Drinking Water Operator
KEN ALLEAVITCH, OPERATOR I	GRADE II	
BULMARO AGUILAR, OPERATOR I	GRADE I	
RICHARD SCHROEDER, OPERATOR I	GRADE III	
DUSTIN WALTON, OPERATOR I	NOT CERTIFIED	

COLLECTION OPERATOR

COLLECTION CERTIFICATION LEVEL

BLAINE BOYER, OPERATOR III	GRADE IV
KRAY O'BRIEN, OPERATOR III	GRADE III
SCOTT MCPHIE, OPERATOR II	GRADE II
SCOTT COOK, OPERATOR II	GRADE II
NICK BROWN, OPERATOR I	GRADE I
BARNEY FRANCE, OPERATOR I	NOT CERTIFIED
DUSTIN LEWIS, OPERATOR I	NOT CERTIFIED
BLAINE BOWDEN, COLLECTION SYSTEM TECHNICIAN	GRADE I

ENGINEERING, INDUSTRIAL, PRETREATMENT

GLENN WARNER	GRADE III R	Treatment
	GRADE III	Collection System
ROBERTO MCFARLANE	GRADE IV	Also certified as Collection System Operator Grade II
	GRADE II	Collection System

SUPERVISOR CERTIFICATION STATUS

MICHAEL BOYLE, OPERATIONS MANAGER	GRADE IV	Also certified as Treatment and Collection System II
	GRADE II	Water Distribution Specialist
ROGER ROBINSON, COLLECTION SYSTEM MANAGER	GRADE IV	Collection System
	GRADE I	Treatment
NEIL JONES, TREATMENT SUPERINTENDENT	GRADE IV	Also certified as Collection System Operator Grade IV
DENNIS MCCORMICK, LAB DIRECTOR	GRADE IV	

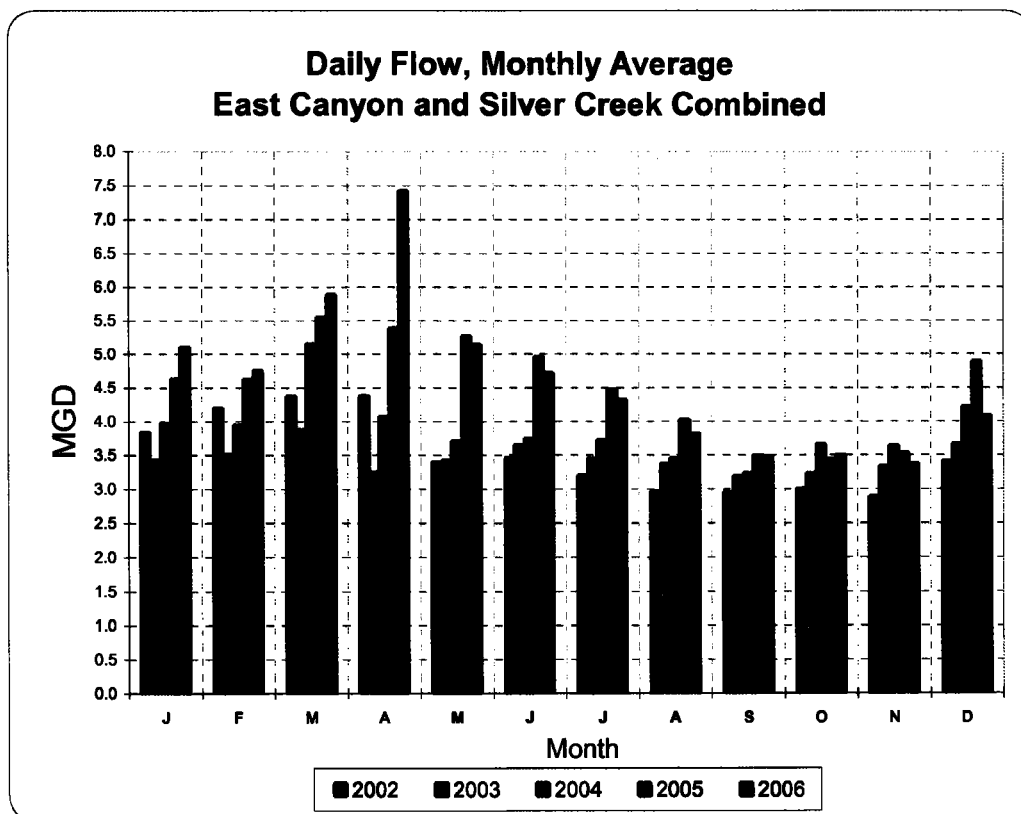
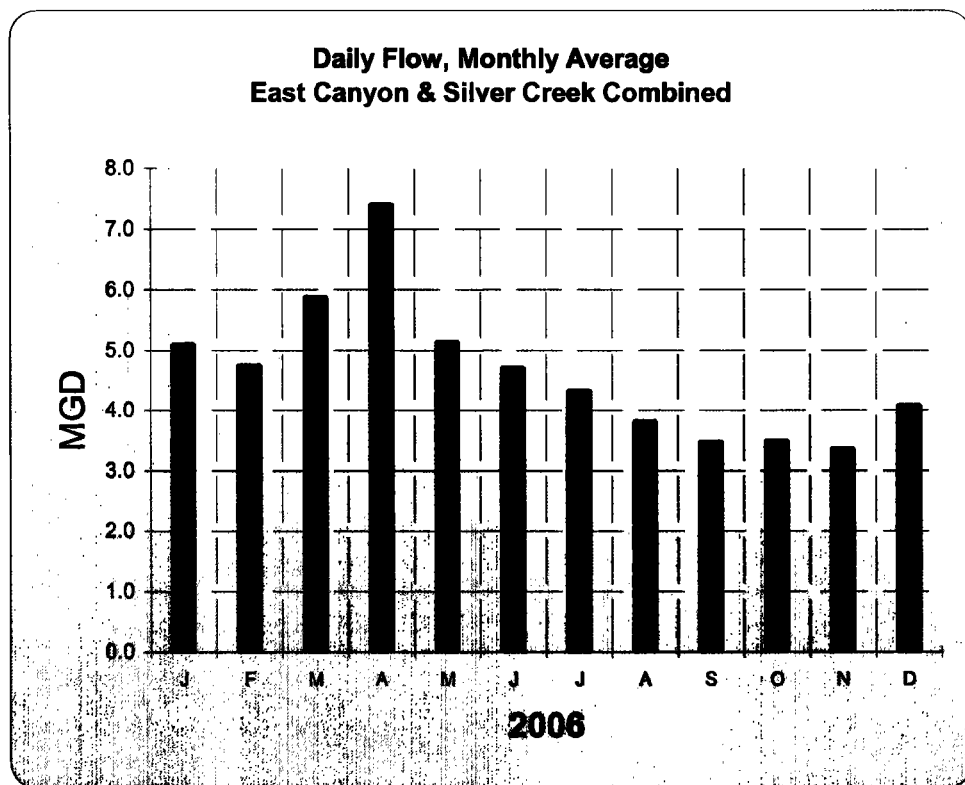
Summary of Changes in Capital Assets

1997-2006

DESCRIPTION	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	2006 Additions	2006 Deletions	Balance at Cost 12/31/06
Land	\$ 714,948	\$ 717,185	\$ 717,185	\$ 717,185	\$ 717,185	\$ 717,185	\$ 717,185	\$ 717,185	\$ 717,185	\$ -	\$ -	\$ 717,185
Administration Building	1,190,930	1,191,626	1,194,626	1,194,626	1,198,789	1,198,789	1,228,679	1,228,679	1,228,679	43,033	-	1,271,712
Collections Building	440,347	440,347	440,347	440,347	440,347	440,347	441,917	441,917	441,917	-	-	441,917
East Canyon Training Building	236,874	236,874	236,874	236,874	236,874	212,094	212,094	212,094	220,360	33,856	3,300	250,916
Silver Creek WRF	9,598,481	9,598,481	9,615,030	9,615,030	9,615,030	9,606,372	9,763,045	9,858,687	9,913,314	-	-	9,913,314
East Canyon WRF	12,938,014	12,985,338	13,569,851	13,540,948	13,540,948	10,571,448	27,188,526	27,345,075	27,476,404	408,837	-	27,885,241
Solids Handling	2,531,347	2,583,284	2,590,519	2,590,519	2,590,519	2,590,519	2,558,390	2,558,390	2,558,390	-	-	2,558,390
35 Year Improvements	261,411	262,111	262,111	262,111	262,111	7,526	7,526	2,063	2,063	-	-	2,063
20 Year Improvements	53,194	61,522	61,522	61,522	141,366	229,901	241,227	286,219	378,881	70,022	-	448,904
Collection System-Park City	324,360	324,360	324,360	324,360	324,360	324,360	324,360	316,254	316,254	-	-	316,254
Collection System-New	26,336,361	28,374,514	30,648,219	33,216,562	36,434,406	39,060,112	41,152,282	46,322,477	47,819,517	1,826,910	1,418,291	48,228,136
Safety Equipment	23,400	23,400	23,400	23,400	23,400	11,271	11,271	11,271	11,271	-	-	11,271
Heavy Equipment	511,070	514,854	633,885	763,955	771,213	791,145	540,170	540,170	540,170	21,257	-	561,427
Treatment Equipment	441,540	445,453	473,069	495,920	650,617	488,703	493,628	357,140	434,061	66,589	3,601	497,059
Laboratory Equipment	22,571	22,571	25,145	25,145	25,145	25,145	25,145	31,935	31,935	-	-	31,935
Collection Equipment	303,745	303,745	265,778	316,620	346,036	181,449	316,499	329,585	380,612	12,115	-	392,727
Administration Equipment	166,261	186,232	216,183	154,770	153,840	139,837	139,837	154,760	173,443	-	-	173,443
Engineering Equipment	91,947	93,857	116,189	199,220	312,295	285,173	291,273	247,049	253,878	15,980	20,308	249,550
Solids Equipment	74,622	74,622	13,127	13,127	13,127	13,127	13,127	5,344	5,344	-	-	5,344
Subtotal	56,261,422	58,440,376	61,427,420	64,192,241	67,797,628	66,894,503	85,666,181	90,966,274	92,903,678	2,498,609	1,445,500	93,956,789
Construction in Progress	-	-	-	904,295	7,520,341	15,359,296	-	548,193	11,867,808	2,134,621	-	14,002,429
Total	\$ 56,261,422	\$ 58,440,376	\$ 61,427,420	\$ 65,096,536	\$ 75,317,969	\$ 82,253,799	\$ 85,666,181	\$ 91,514,467	\$ 104,771,486	\$ 4,633,231	\$ 1,445,500	\$ 107,959,218

Summary of Flows and Capacity

2002 - 2006



Combined Treatment Plant Capacity in 2006 was 4.8 MGD

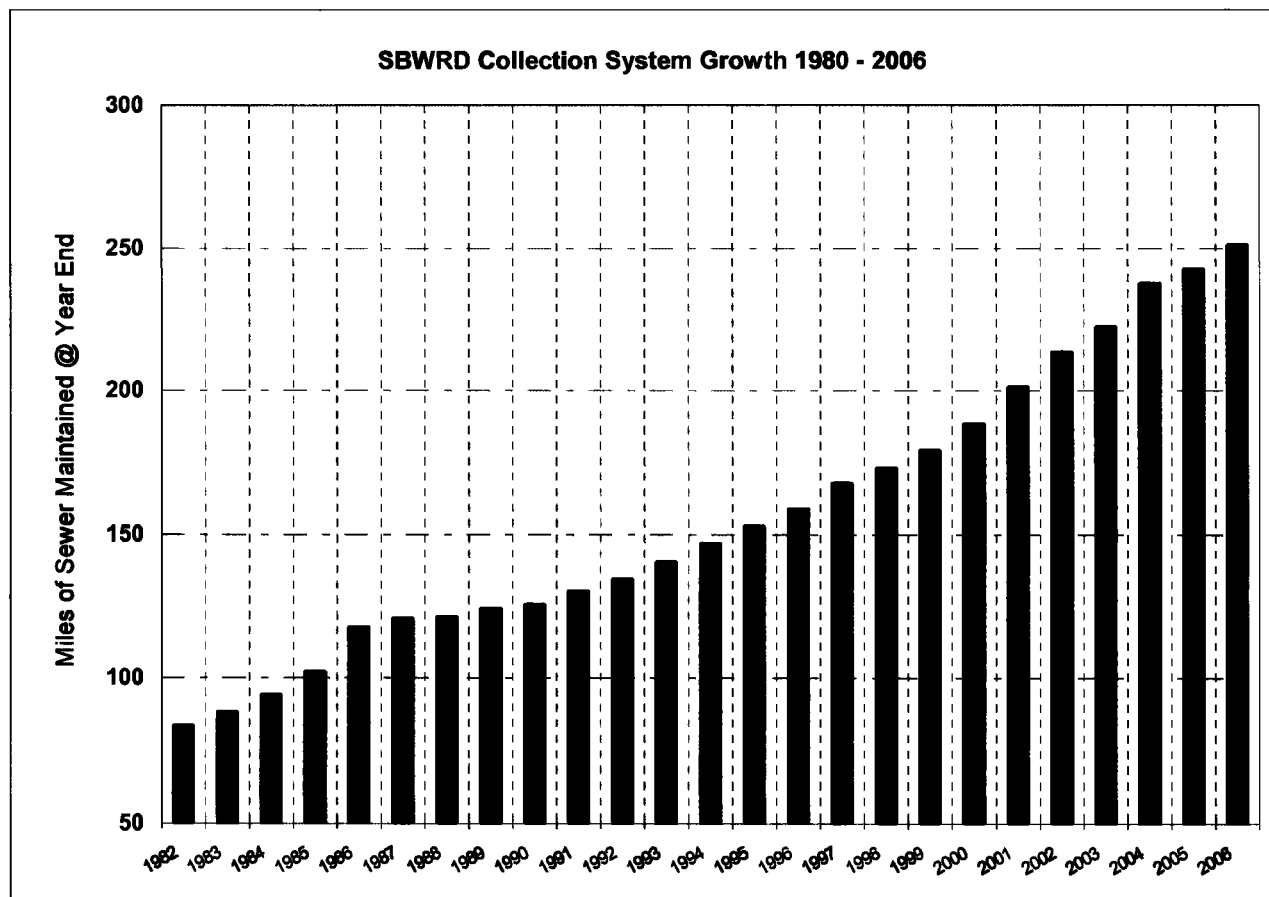
Collection System Growth

1980-2006

YEAR	ADDED SEWER LINE		Total miles of sewer maintained @ year end	Annual change from prior year (%)	New Manholes Added to system	Total Manholes in system @ year end	Annual Increase in Manholes (%)
	Feet	Miles					
1980	unknown		63.76		unknown	1,443	
1981	47,580	9.01	72.77	14.1%	186	1,629	12.9%
1982	57,213	10.84	83.61	14.9%	277	1,906	17.0%
1983	24,598	4.66	88.26	5.6%	112	2,018	5.9%
1984	31,797	6.02	94.29	6.8%	150	2,168	7.4%
1985	43,298	8.20	102.49	8.7%	236	2,404	10.9%
1986	81,444	15.43	117.91	15.1%	324	2,728	13.5%
1987	16,022	3.03	120.95	2.6%	95	2,823	3.5%
1988	3,432	0.65	121.60	0.5%	20	2,843	0.7%
1989	15,159	2.87	124.47	2.4%	77	2,920	2.7%
1990	7,146	1.35	125.82	1.1%	33	2,953	1.1%
1991	25,280	4.79	130.61	3.8%	152	3,105	5.1%
1992	22,017	4.17	134.78	3.2%	93	3,198	3.0%
1993	31,715	6.01	140.78	4.5%	154	3,352	4.8%
1994	33,153	6.28	147.06	4.5%	174	3,526	5.2%
1995	31,798	6.02	153.08	4.1%	225	3,751	6.4%
1996	32,241	6.11	159.19	4.0%	197	3,948	5.3%
1997	46,891	8.88	168.07	5.6%	322	4,270	8.2%
1998	27,918	5.29	173.36	3.1%	148	4,418	3.5%
1999	32,928	6.24	179.43	3.6%	208	4,626	4.7%
2000	48,996	9.28	188.71	5.2%	227	4,853	4.9%
2001	67,789	12.80	201.50	6.8%	268	5,121	5.5%
2002	63,755	12.07	213.57	6.0%	276	5,397	5.4%
2003	47,309	8.96	222.53	4.2%	204	5,601	3.8%
2004	81,048	15.35	237.88	6.9%	292	5,893	5.0%
2005	26,242	4.97	242.85	2.1%	114	6,007	1.9%
2006	45,674	8.65	251.50	3.6%	138	6,206	2.3%

The above list reflects all Developer funded projects receiving Final Project Approval through date given and SBWRD projects in the same period.

Because of a discrepancy of 750' between 1980 and 1991, 750' was subtracted from the 1980 total



Capital Asset Statistics by Function

1997 - 2006

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Administration										
District Area (square miles)	102.2	102.2	102.2	102.2	102.2	102.2	88	88	88	88
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1	1
Engineering										
Vehicles	4	4	4	4	4	4	4	2	3	3
Collections										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	7	7	6	6	6	5	5	5	5	5
Miles of Public Line Maintained	251.5	242.9	237.9	222.5	213.6	201.5	188.7	179.4	173.4	168.1
Number of Manholes in System	6,206	6,068	5,893	5,601	5,397	5,121	4,853	4,626	4,418	4,270
Number of Pump Stations	9	10	10	8	8	7	7	7	7	7
Treatment										
Reclamation Facilities	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	6	6	6	7	7	7	8	8
Number of industrial class IV industries	148	146	143	129	95	120	116	115	118	-
Total Combined Facility Capacity (million gallons per day)	6.0	6.0	6.0	6.0	4.8	4.8	4.8	4.8	4.8	4.8
Total Gallons Treated (in billion gallons)	1.69	1.65	1.42	1.26	1.28	1.25	1.18	1.20	1.20	1.07
Maximum Thirty Day Flow (million gallons per day)	7.76	5.82	5.35	3.90	4.89	4.50	3.90	4.09	4.24	3.90

Source: District Annual Department Reports

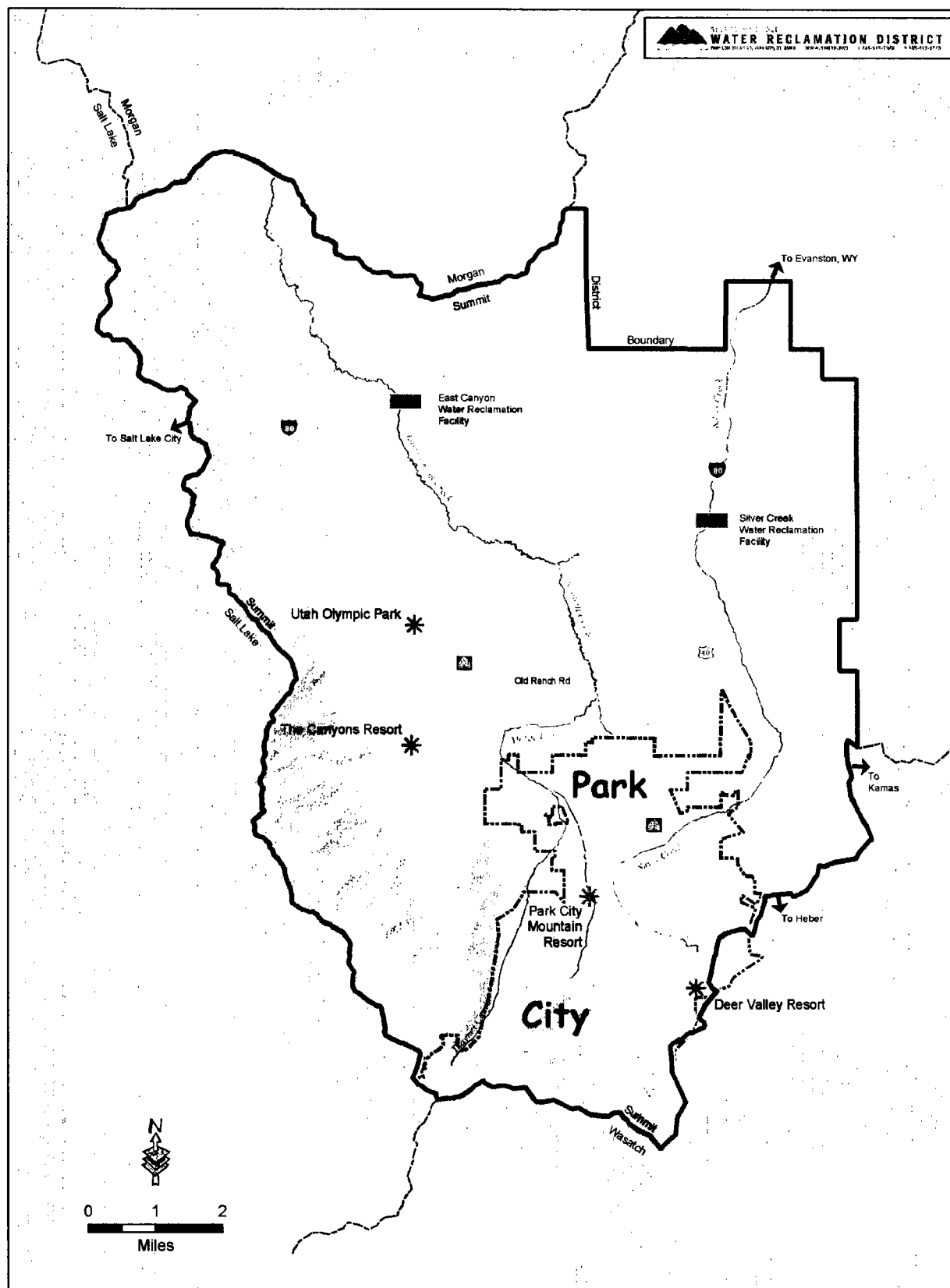
Operating Indicators by Function

1997 - 2006

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Administration										
Number of customers	10,246	9,868	9,454	9,015	8,742	8,319	8,029	7,631	7,057	6,707
Number of new customers	378	414	439	273	423	290	398	574	350	416
New residential equivalents (RE) sold	629.0	1,033.0	743.3	651.8	489.4	846.1	397.4	617.1	1,183.0	808.8
New residential equivalents billed	385.1	593.6	615.0	457.9	680.2	542.6	1,005.0	709.8	567.7	912.0
Average monthly residential wastewater bill	\$ 27.09	\$ 26.37	\$ 25.92	\$ 26.08	\$ 24.08	\$ 24.06	\$ 24.26	\$ 24.05	\$ 24.26	\$ 23.82
Average residential monthly customer winter water usage	5,435	5,682	5,785	6,160	6,744	6,433	6,861	6,728	6,884	6,917
Percent of customers rating overall service as satisfactory or better	98%	98%	98%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Engineering										
Number of lateral inspections	1,371	1,361	1,095	-	-	-	-	-	-	-
Number of new line extension agreements (by RE)	475.1	1,508.7	752.4	529.2	382.5	732.4	1,671.0	952.2	1,523.8	693.3
Number of new private lateral connections (by RE)	644.4	743.0	531.0	503.4	590.0	554.6	934.0	526.0	396.0	387.0
Collections										
Number of problems (public and private) reported and responded to	56	46	26	47	45	51	29	37	21	17
Miles of collection lines cleaned	48.78	55.00	78.00	70.00	86.20	56.60	47.80	42.50	39.60	66.00
Feet of collection lines TV inspected	330,303	182,476	192,745	62,700	17,086	18,692	14,961	24,697	15,921	10,397
Feet of line cleaned for grease removal	665	665	40,151	40,402	-	-	-	-	-	-
Feet of line root treatment	0	10,318	1,963	135	2,256	-	-	-	-	-
Feet of low pressure lines flow tested	15,175	-	-	-	-	-	-	-	-	-
Number of overflows due to capacity	0	0	0	0	0	0	0	0	0	0
Number of blockages per 100 miles of line	0	0	0.42	0.45	0.47	1.49	1.59	0.56	0.58	1.19
Treatment										
Number of facility tours	17	20	22	25	18	8	9	17	15	20
Number of permit violations	0	0	0	5	0	1	0	0	5	0
Number of pretreatment industrial inspections	148	146	143	129	95	120	116	115	118	-

Source: District Annual Department Reports

District Map



THIS PAGE INTENTIONALLY LEFT BLANK

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

April 3, 2007

Board of Trustees

Snyderville Basin Water Reclamation District

In planning and performing our audit of the financial statements of the Snyderville Basin Water Reclamation District (the District) for the year ended December 31, 2006, we noted certain matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 3, 2007, on the financial statements of the District. Also, significant deficiencies, reportable instances of noncompliance and other matters, if any, are included in our report dated April 3, 2007, in accordance with *Government Auditing Standards*.

Osborne Robbins & Buhler PLLC

Car and cell phone allowances

The District provides a car and cell phone allowance to the General Manager. The payments to him are not being made through the District's payroll system and are not being included on his W2. However, the District has not obtained supporting documentation for the disbursements. To comply with IRS requirements, these payments should be included in the General Manager's W2 to the extent that the District does not have supporting documentation.

Recommendation

In a case where the documentation is not provided to the District, the allowance needs to be included in the General Manager's W2 income, and he would be responsible for the deductions on his personal tax return.

Management Response and Action Plan

Management agrees with the recommendations and will implement them as outlined.

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Snyderville Basin Water Reclamation District

We have audited the basic financial statements of Snyderville Basin Water Reclamation District (the District), as of and for the year ended December 31, 2006, and have issued our report thereon dated April 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Finding Number 2006-1 - Cash Disbursements

Currently checks that are written by the District are required to be signed by both the General Manager and the Finance Manager. The General Manager's signature is being done electronically and is printed on the checks at the time they are printed. The file used to print the General Manager's signature on the checks is maintained on a cd in a locked cabinet that the accounting staff has access to – essentially making it available to use without the General Manager's knowledge. The Finance Manager is also responsible for preparing the District's bank reconciliations and has complete access to the accounting system.

Recommendation

The cd containing the file used to digitally print the signature on checks should be locked and accessible by the General Manager and when the cd is being used, we recommend that he oversee the printing and then retrieve the cd with the file on it once the check run is complete.

Management Response and Action Plan

Management agrees with the recommendations and will implement them as outlined.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated April 3, 2007.

The District's response to the finding identified in our audit is described above. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the board of trustees, and the Utah State Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Bubler PLLC

April 3, 2007

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE LEGAL COMPLIANCE IN ACCORDANCE WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Board of Trustees
Snyderville Basin Water Reclamation District

We have audited the accompanying financial statements of Snyderville Basin Water Reclamation District (the District) for the year ended December 31, 2006, and have issued our report thereon dated April 3, 2007. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Special Districts
- Other General Compliance Issues
- Impact Fees and Other Development Fees

The District did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

This report is intended solely for the information of management, others within the organization, the board of trustees, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

SNYDERVILLE BASIN WATER RECLAMATION DISTRICT

BOND RESOLUTION COMPLIANCE SCHEDULES AND REPORTS

DECEMBER 31, 2006

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH BOND RESOLUTION	1
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE	2
SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE	3
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE OF INSURANCE POLICIES IN FORCE	4
SCHEDULE OF INSURANCE POLICIES IN FORCE	5
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE OF SEWER CONNECTIONS AND BILLINGS	6
SCHEDULE OF SEWER CONNECTIONS AND BILLINGS	7
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE OF FUNDS REQUIRED BY BOND RESOLUTION	8
SCHEDULE OF FUNDS REQUIRED BY BOND RESOLUTION	9

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH
BOND RESOLUTION**

Board of Trustees

Snyderville Basin Water Reclamation District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the year ended December 31, 2006 and have issued our report thereon dated April 3, 2007.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the terms, covenants, provisions, or conditions of Article 6 of Resolution No. 53 dated November 22, 1993 providing for the Issuance of Sewer Revenue Bonds insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Snyderville Basin Water Reclamation District and Wells Fargo Bank as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF NET REVENUES AND
AGGREGATE DEBT SERVICE

Board of Trustees
Snyderville Basin Water Reclamation District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the year ended December 31, 2006, and have issued our report thereon dated April 3, 2007. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of net revenues and aggregate debt service is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Section 6.12 (as the terms, "net revenues", "net revenues exclusive of system capacity fees," and "aggregate debt service" are defined in Resolution No. 53) of Resolution No. 53 dated November 22, 1993 Providing for the Issuance of Sewer Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Snyderville Basin Water Reclamation District and Wells Fargo Bank as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

Snyderville Basin Water Reclamation District

SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE

Year ended December 31, 2006

Net revenues	
Operating revenues	\$6,098,325
Operating expenses (excluding depreciation and amortization)	(5,705,240)
Renewal and replacement expenditures included in operating expenses under the modified approach to reporting infrastructure	1,054,229
Impact fees	5,648,525
Investment income	504,837
Net revenues	<u>\$7,600,676</u>
Net revenues excluding impact fees	
Net revenues	\$7,600,676
Impact fees	<u>(5,648,525)</u>
Net revenues excluding impact fees	<u>\$1,952,151</u>
Aggregate debt service for 2007*	<u>\$1,336,160</u>
Ratio of net revenues to aggregate debt service	<u>5.69</u>
Minimum ratio	<u>1.25</u>
Ratio of net revenues excluding impact fees to aggregate debt service	<u>1.46</u>
Minimum ratio	<u>1.00</u>

*Aggregate debt service includes only debt service on revenue bonds which are secured by revenues of the District. It does not include any general obligation bonds or other contracts which obligate the District to disburse funds. Aggregate debt service for 2006 related to revenue bonds is as follows:

	Principal	Interest	Total Debt Service
1994 Series Revenue Bonds	\$ 125,000	\$ -	\$ 125,000
2000 Series Revenue Bonds	414,000	42,522	456,522
2003 Series Revenue Bonds	716,000	38,638	754,638
	<u>\$1,255,000</u>	<u>\$81,160</u>	<u>\$1,336,160</u>

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF INSURANCE
POLICIES IN FORCE

Board of Trustees

Snyderville Basin Water Reclamation District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the year ended December 31, 2006 and have issued our report thereon dated April 3, 2007. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of insurance policies in force at December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Section 6.10 of Resolution No. 53 dated November 22, 1993 Providing for the Issuance of Sewer Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Snyderville Basin Water Reclamation District and Wells Fargo Bank as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

Snyderville Basin Water Reclamation District

SCHEDULE OF INSURANCE POLICIES IN FORCE

December 31, 2006

Description	Issuer	Limit	Expiration Date
Comprehensive General Liability (including Public Officials Errors and Omissions)	Utah Local Governments Trust	\$ 5,000,000	Continuous
Auto Liability	Utah Local Governments Trust	5,000,000	Continuous
Excess Liability Coverage	NLC Mutual	2,000,000	August 15, 2007
Property Coverage			
Business Interruption	Unigard Insurance Company	250,000	July 1, 2007
Sewer Water Buildings	Unigard Insurance Company	30,732,910	July 1, 2007
Contents	Unigard Insurance Company	7,593,100	July 1, 2007
Contractors Equipment	Unigard Insurance Company	232,212	July 1, 2007
Mobile Equipment	Unigard Insurance Company	139,143	July 1, 2007
EDP	Unigard Insurance Company	253,275	July 1, 2007
Miscellaneous Equipment	Unigard Insurance Company	30,000	July 1, 2007
Auto PD Coverage	Unigard Insurance Company	894,322	July 1, 2007
Treasurer's Bond	Western Surety	500,000	August 15, 2007

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF SEWER
CONNECTIONS AND BILLINGS

Board of Trustees

Snyderville Basin Water Reclamation District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Snyderville Basin Water Reclamation District as of and for the year ended December 31, 2006 and have issued our report thereon dated April 3, 2007. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of sewer connections and billings as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management and the Board of Trustees of Snyderville Basin Water Reclamation District and Wells Fargo Bank as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

Snyderville Basin Water Reclamation District

SCHEDULE OF SEWER CONNECTIONS AND BILLINGS

December 31, 2006

Customer Class	Number of Connections by Residential Equivalent	Total Amount Billed Year ended December 31, 2006	Average Monthly Billing per Customer
Commercial	2,147.7	\$ 944,705	\$ 165
Industrial	20.6	22,684	210
Single family residential	9,321.0	3,030,461	27
Multiple family residential	5,039.0	1,499,453	322
Mixed use and common areas	<u>1,247.2</u>	<u>429,257</u>	1,068
Total	<u>17,775.5</u>	5,926,560	
Adjustments		<u>(136,945)</u>	
		<u>\$5,789,615</u>	

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF FUNDS REQUIRED
BY BOND RESOLUTION**

Board of Trustees

Snyderville Basin Water Reclamation District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the year ended December 31, 2006 and have issued our report thereon dated April 3, 2007. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of funds required by bond resolution as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Article 5 of Resolution No. 53 dated November 22, 1993 providing for the Issuance of Sewer Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Snyderville Basin Water Reclamation District and Wells Fargo Bank as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

April 3, 2007

Snyderville Basin Water Reclamation District

SCHEDULE OF FUNDS REQUIRED BY BOND RESOLUTION

December 31, 2006

	Debt Service Account		Debt Service Reserve Account		Renewal and Replacement Fund	
	2003 Bonds	2000 Bonds	2003 Bonds	2000 Bonds	All Bonds Combined	Total
Balance at January 1, 2006	\$389,285	\$485,384	\$248,406	\$412,412	\$ 484,911	\$ 2,398,994
Investment income (loss) for the year	18,352	14,255	12,281	21,990	24,251	107,343
Additional funds deposited by the District	745,732	414,000	-	44,380	-	1,323,345
Funds disbursed/transferred by the trustee	(411,773)	(456,642)	(12,096)	(20,500)	(24,000)	(1,062,511)
Balance at December 31, 2006	<u>\$741,596</u>	<u>\$456,997</u>	<u>\$248,591</u>	<u>\$458,282</u>	<u>\$ 485,162</u>	<u>\$ 2,767,171</u>